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Employee Benefits

Survey Data from Benefit Year 1990

1991 Edition

Special Section on Flexible Benefit Plans

A Reference Guide
for Employers and Benefits Specialists

U.S. Chamber
Research Center

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The *Employee Benefits* reports are published annually. Questionnaires for the 1991 survey will be mailed in February 1992. The 1992 *Employee Benefits* report is expected to be available in November 1992.

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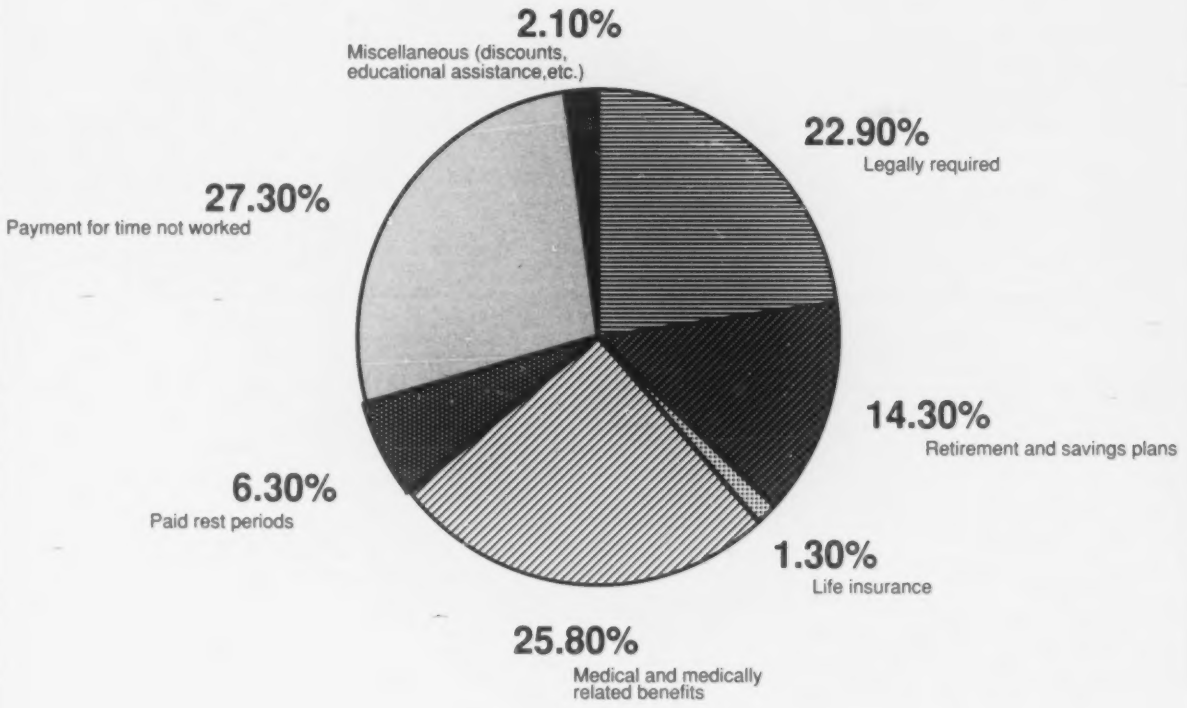
How the Benefit Dollar is Spent



This survey of employee benefits continues the program of expanding the quantity and quality of data on benefit programs that we began several years ago. This year's survey had 1000 firms that returned usable forms—the largest number since 1985, indicating an increased awareness and interest in the employee benefits survey. A special section on flexible benefits is included in this year's *Employee Benefits* to offer some guidance on looking at the new flexible benefits programs that are gaining in popularity amongst both employers and employees.

Again, the results of this year's survey of employee benefits is available as an interactive diskette-based computer program. The *Employee Benefits Analyzer* (*EBA*) can be used on any IBM compatible system. The *EBA* is an easy to use, completely self-contained program designed to perform comparative analysis and "what-if" scenarios. This year's version includes additional features such as the precise calculation of comparative benefit costs.

The 1000 firms participating in this year's survey represent a cross-section of firms in terms of industry, geography and size. Of the firms surveyed, 222 had less than 100 employees and 125 had more than 5000 employees. More than 3.7 million persons are employed by the firms which participated in the survey—making *Employee Benefits* the largest survey of this kind.

Employee benefits issues are a focal point of social legislation in the 90's. Mandated benefits are being used to transfer the burden of social legislation from the public sector, where funds are exhausted and tax increases will no longer be tolerated, to the private sector where the costs are not as apparent. In the past year, many bills were introduced in Congress that would require employers to provide health care, parental leave and other benefits at federally mandated levels. The push for mandates remains very strong despite the fact that more than three-fourths of all benefits provided by employers are given on a voluntary basis. The information provided in this report should help employers determine both the impact of such legislation on their firm and the cost of providing existing benefits to their employees.

While this data is useful for determining guidelines for general benefit levels, it is inappropriate to use it in assessing the generosity of any specific employee-benefit. This is an assessment that can only be made in the the context of the entire package of benefits, in both absolute terms and in terms relative to entire compensation and workplace specific circumstances.

This is the 29th survey of employee benefits conducted by the U.S. Chamber of Commerce. Initially, *Employee Benefits* was published every two years; however, because of an increasing concern about the cost of benefits, the survey has been published annually since 1979.

The firms who participated in this year's survey conducted extensive research to furnish the information requested, frequently at a considerable cost to them. We extend our thanks to all survey participants for their invaluable assistance.

This year I conducted the employee benefits study with the assistance of Yolanda Parker, Kimberly Lewis, Jacqueline Tyson and Lorraine Bullock. Ken Tuanmu and the system development staff under the direction of Deepak Kapoor, and the computer staff under the direction of Sergio Gonzalez and Sunny Pritchard all contributed to our bringing out this year's report in a timely fashion.

Martin Lefkowitz
Director of Special Projects
U.S. Chamber of Commerce

Summary of Findings

The most significant result of this year's survey was the continued increase in medical and medically related costs, despite measures taken by many firms to control them. On a per employee basis, medically related benefits continued to increase considerably faster than payroll costs. The cost of medical and medically related benefits, which increased from 8.0 percent of payroll in 1987 to 8.7 percent of payroll in 1988, once again in 1990 increased significantly faster than payroll increasing from 9.3 percent of payroll in 1989 to 9.9 percent of payroll in 1990. Medically related costs, (health insurance, dental insurance, long-term and short-term disability insurance, retiree health insurance, vision care, cost of wellness programs and all other medically related benefits paid for by employers), increased more than 12 percent in 1990 following a similar increase in 1989 and a 16 percent increase in 1988. The 1990 increase brings medically related costs to $3,197 per employee, a 26 percent increase from two years ago when these benefits cost employers $2,538 per year and a 46 percent increase from three years ago when health related benefits cost employers $2,189. The increased cost of the medical and dental insurance portion of health-related expenditures for current employees increased 10 percent in 1990, going from $2,338 per employee to $2,569 per employee. This year's increase in health and dental insurance premiums to employers is the smallest increase since 1987, bringing the two year increase in medical insurance costs for active employees to 25.2 percent. The 1990 increase of $231 for medical and dental insurance premiums only $29 less than the $260 spent by employers for health and life insurance in 1969.

This year, we are once again publishing data separately for hourly-paid and salaried employees (Tables 4a, 4b, and 4c). The data for the hourly-paid employees are based on a sub-sample of 230 firms that reported hourly-paid and salaried employees separately, this is about the same number as reported data separately for each group in the previous year.

- Employee benefit payments varied widely among the 1000 participating companies. Approximately 2 percent of survey participants expended less than 20 percent of total payroll on benefits, while about 2 percent of survey participants spent 55 percent or more of payroll for benefits. The amount of benefits paid yearly per employee ranged from less than $3,500 to more than $13,000 (Table 1).

- The mean average payment in 1990 was 38.4 percent of payroll, $6.007 per payroll hour, and $12,402 per year per employee (Table 2). The median average (the midpoint for the firms participating in the survey) was 36.3 percent.

- Industry payments varied widely. The textile and apparel industries averaged 29.9 percent of payroll, while primary and fabricated metals, machinery, transportation and the rubber industries paid more than 40 percent (Table 6).

- Highest payments, as a percent of payroll, were made by firms headquartered in the East North Central states, this was the same as in the previous year. The greater and rising benefit levels in the West are a product of the "new wave" firms in high-tech industries. (See Table 9 for states included in each region of the nation).

- As in the past, larger firms generally paid more benefits than smaller firms. The differential in benefits between the largest and smallest firms was much larger this year than in the previous years. Small service sector firms had the lowest level of benefits with many of these firms essentially providing the legally required benefits with few other benefits. (Table 10).

- Payments for pensions, savings and/or profit sharing plans were reported by 848 companies, or 84.8 percent of the firms participating in this year's survey compared to 88.8 percent in 1989 and 85.5 percent in 1988 (Table 11). The percent paid into these plans increased from 5.1

percent of payroll to 5.5 percent. There was an increase in contributions into both defined benefit plans and defined contribution plans, profit sharing plan contributions remained the same, (after an increase in the previous year) and stock bonus plans increased in 1990. Many firms reported that they did not have to make payments into existing defined contribution plans, but only paid for administrative and other costs (Table 12).

❑ Health and life insurance programs are almost universal in participating firms. Ninety-nine percent of the firms participating in this year's survey indicated that they made at least some payment toward employee health insurance, while 91 percent provided at least some payment for life insurance coverage. This is almost identical to the results in the previous year. The lowest rates of participation in health and life insurance were in retailing and small service firms. (Table 13).

❑ Employee payroll deductions for benefits included: 3.5 percent for pensions and savings plans, down slightly from 3.6 percent reported in in 1989; 0.9 percent for hospitalization and surgical insurance, up from 0.8 percent of payroll in 1989; and 0.6 percent for life insurance and other benefits, down from 0.7 percent reported in 1989 (Table 15).

An Additional Note. In 1986 we expanded our survey to better reflect total employer cost for all benefit payments made by employers. For example, data on health insurance for retirees and former workers and the cost of administering pension plans were surveyed starting in 1986. This resulted in a benefit level of approximately 1.0 percent higher. The cost of health insurance for former and retired employees has been deducted by some survey participants when calculating their benefits packages for comparison purposes.

Year	Average payment as a percent of payroll
1979	36.6%
1980	37.7
1981	37.3
1982	36.6
1983	36.6
1984	36.6
1985	37.7
1986	38.6 (Excluding retirees and former workers)
1986	39.3 (Including retirees and former workers)
1987	38.0 (Excluding retirees and former workers)
1987	39.0 (Including retirees and former workers)
1988	36.2 (Excluding retirees and former workers)
1988	37.0 (Including retirees and former workers)
1989	36.7 (Excluding retirees and former workers)
1989	37.6 (Including retirees and former workers)
1990	37.4 (Excluding retirees and former workers)
1990	38.4 (Including retiees and former workers)

DISTRIBUTION OF EMPLOYEE BENEFITS

Payments for employee benefits varied widely among the 1000 participating companies. At one extreme were 20 firms (2.0 percent of the participants) paying less than 20 percent of payroll for benefits, at the other extreme were 27 firms (2.7 percent of the participants) paying 55 percent or more. The distribution of benefit payments for the 1000 firms is shown in Table 1.

The top 10 percent of the firms paid more than 48 percent of payroll for benefits compared to 47.1 percent of payroll paid by the top 10 percent firms in 1989. The firms in the top 25 percent paid more than 41.5 percent of payroll compared to 41.0 percent of payroll paid by the firms in the top 25 percent in 1989, as shown in Table 2. The median average benefit level increased to 36.4 percent of payroll in 1990, with half the firms paying more than 36.4 percent and half the firms paying less than that amount. The median average in 1990 increased by 0.6 percent from 35.8 percent in 1989. The mean average payment for 1990 was 38.4 percent, which was a 0.8 percentage point increase from 37.6 percent of payroll in 1989. The mean was larger than the median, or middle point of the distribution of 36.4 percent, because larger firms with higher levels of benefits have a greater influence on the mean average, since the survey is weighted by size of payroll.

Corresponding data as cents per payroll hour and as annual dollars per employee are also shown in Table 2. The data indicate an increase of 44.8 cents per hour in 1990 compared to 1989, an increase of 8.1 percent, compared to a 6.9 percent increase in 1989 and a 5.2 percent increase in 1988.

The distribution of individual company payments by industry groups is shown in Table 3. Within individual industries, benefit payments also varied widely. Payments in the food, beverage, and tobacco industries varied from less than 24 percent of payroll to more than 50 percent of payroll. In fabricated metal products, benefits varied from about 25 percent to more than 60 percent. Some of the variation in the percent of payroll for benefits is due to differences in pension and profit sharing payments, which can vary considerably between firms and within the same firm from year to year.

Table 2. Five Levels of Employee Benefits, 1990

Item	As Percent of Payroll	Cents Per Payroll Hour	Dollars Per Year Per Employee
10% of firms paid more than	48.0%	816.4¢	$16,972
25% of firms paid more than	41.5	674.5	14,040
50% of firms paid more than	36.4	529.6	11,138
75% of firms paid more than	30.8	387.5	8,150
90% of firms paid more than	25.8	276.3	5,811
Mean or average payment	38.4%	600.7¢	$12,402

Table 1. Distribution of Employee Benefits, 1990

Percent of Payroll		Cents Per Payroll Hour		Dollars Per Year Per Employee	
Percent	Number of companies	Cents	Number of companies	Dollars	Number of companies
Under 18.0	15	Under 150.0¢	16	Under 3,500	23
18.0—19.9	5	150.0—174.9	10	3,500—3,999	11
20.0—21.9	19	175.0—199.9	9	4,000—4,499	14
22.0—23.9	26	200.0—224.9	20	4,500—4,999	19
24.0—25.9	38	225.0—249.9	19	5,000—5,499	18
26.0—27.9	53	250.0—274.9	26	5,500—5,999	24
28.0—29.9	68	275.0—299.9	24	6,000—6,499	41
30.0—31.9	63	300.0—324.9	36	6,500—6,999	24
32.0—33.9	87	325.0—349.9	30	7,000—7,499	36
34.0—35.9	103	350.0—374.9	41	7,500—7,999	33
36.0–37.9	107	375.0—399.9	38	8,000—8,499	36
38.0—39.9	100	400.0—424.9	46	8,500—8,999	42
40.0—41.9	85	425.0—449.9	34	9,000—9,499	39
42.0—43.9	52	450.0—474.9	47	9,500—9,999	49
44.0—45.9	44	475.0—499.9	52	10,000—10,499	43
46.0—47.9	34	500.0—524.9	42	10,500—10,999	38
48.0—49.9	31	525.0—549.9	41	11,000—11,499	48
50.0—54.9	43	550.0—574.9	49	11,500—11,999	39
55.0—59.9	12	575.0—599.9	47	12,000—12,499	44
60.0—64.9	6	600.0—699.9	161	12,500—12,999	38
65—over	9	700.0–over	212	13,000—over	341
Total	1,000	Total	1,000	Total	1,000

Table 3. Distribution of Employee Benefits as Percent of Payroll, By Industry Group, 1990

Total employee benefits as percentage of payroll	Manufacturing Industries																Nonmanufacturing Industries							
	Total, all industries	Total, all manufacturing	Food, beverage and tobacco	Textile products and apparel	Pulp, paper, lumber and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay and glass products	Primary metal industries	Fabricated metal products (excluding machinery and transportation equip.)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and misc. manufacturing industries	Total, all nonmanufacturing	Public utilities (elec., gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Under 18.0%	15	3	--	3	--	--	--	--	--	--	--	--	--	--	--	--	12	--	--	5	--	1	2	4
18.0—19.9	5	1	--	1	--	--	--	--	--	--	--	--	--	--	--	--	4	--	--	2	--	--	--	2
20.0—21.9	19	4	--	--	--	--	1	--	--	--	--	--	--	1	--	2	15	--	--	5	--	--	--	10
22.0—23.9	26	10	1	3	1	1	--	2	--	--	--	--	--	--	--	2	16	--	--	8	3	1	--	4
24.0—25.9	38	11	--	1	--	--	--	--	2	2	--	2	--	--	--	4	27	--	--	7	5	2	1	12
26.0—27.9	53	16	1	2	--	3	3	--	--	1	--	2	1	--	1	2	37	1	--	7	7	2	6	14
28.0—29.9	68	27	--	3	2	3	--	1	3	--	1	1	1	6	1	5	41	1	2	5	3	7	10	13
30.0—31.9	63	17	1	3	1	2	1	--	2	1	--	3	--	2	--	1	46	2	--	3	4	7	9	21
32.0—33.9	87	32	3	--	4	2	1	1	1	--	2	3	3	5	1	6	55	8	1	4	3	5	8	26
34.0—35.9	103	44	1	2	3	4	3	1	4	2	1	7	4	5	3	4	59	8	--	4	8	13	9	17
36.0—37.9	107	33	--	--	1	2	3	2	2	1	2	1	5	6	2	6	74	13	--	6	7	10	17	21
38.0—39.9	100	49	4	1	2	3	2	--	3	--	4	13	6	1	5	5	51	13	--	1	4	10	10	13
40.0—41.9	85	30	2	--	--	--	2	--	3	--	1	8	2	7	2	3	55	19	--	2	5	9	6	14
42.0—43.9	52	19	1	1	--	1	1	1	--	3	--	5	1	2	1	2	33	7	--	2	1	8	7	8
44.0—45.9	44	10	1	--	1	1	--	--	1	--	1	5	--	--	--	--	34	11	--	3	4	3	2	11
46.0—47.9	34	14	1	--	2	2	--	1	1	--	2	4	1	--	--	--	20	6	--	1	3	5	--	5
48.0—49.9	31	15	2	--	2	--	--	1	2	1	1	3	--	3	--	--	16	8	--	--	--	3	--	5
50.0—54.9	43	19	3	--	3	1	--	--	2	1	--	4	1	2	1	1	24	11	--	2	--	1	2	8
55.0—59.9	12	5	--	--	--	1	1	--	--	--	--	--	1	2	--	--	7	4	--	--	--	--	--	3
60.0—64.9	6	5	--	--	--	--	--	--	1	--	1	1	--	--	1	1	1	--	--	1	--	--	--	--
65.0—over	9	2	--	--	--	--	--	--	--	--	--	--	1	1	--	--	7	1	--	1	--	2	--	3
T-companies	1000	366	21	20	22	26	18	10	27	12	16	62	27	43	18	44	634	113	3	69	57	89	89	214
50% of companies paid more than	36.3	37.1	39.4	28.0	36.1	35.0	35.7	35.5	37.5	36.1	38.9	39.8	37.2	36.9	39.2	34.1	36.1	40.8	28.4	28.4	34.9	37.5	35.9	34.0

*Includes research, engineering, government agencies, construction, etc.
-- No companies reporting

AVERAGE BENEFITS PAYMENTS

This year's benefit payment data include separate tables for salaried and hourly-paid employees. While benefits for hourly-paid employees as a percent of payroll are greater, the dollar cost of benefits given to salaried employees is greater. The data separating hourly and salaried employees are derived from a smaller sample of firms that could separate benefit costs between hourly and salaried employees.

Employee benefits increased by 7.6 percent in 1990 in terms of dollars spent per employee per year. The increase in 1990 was more rapid than the 5.4 percent increase in payroll costs thereby increasing the percentage of payroll going to benefits. The average cost per full-time equivalent employee increased from $11,527 per worker in 1989 to $12,402 per worker in 1990. Average benefits as a percent of payroll showed an increase from 37.6 to 38.4 percent of payroll, indicating that benefits are increasing at a faster pace than pay.

The percent of payroll allocated to benefits for hourly-paid employees was 38.8 percent compared to 35.9 percent reported for salaried employees. The dollar value of benefits paid to salaried employees was $13,649 compared with $12,224 in benefits paid hourly workers. The composition of benefits was somewhat different between the two groups. Mandated benefits as a percent of payroll for hourly-paid workers are greater than that for salaried employees since payroll taxes, such as social security and unemployment taxes, are limited by income caps on the tax base. Payments into retirement and savings plans for salaried employees are higher than hourly paid employees as a result of greater participation in 401K type programs and some other programs, such as money purchase programs, that are either not as popular or not available to some hourly-paid employees.

Since salaried workers are not paid strictly on the basis of time, payments for rest periods are not relevant to salaried workers.

The dollar cost of medically related benefits per employee per year was about $134 more per year for hourly-paid than for salaried employees as a result of the higher costs of disability insurance for hourly-paid workers. The cost of health insurance was virtually identical for the two groups while salaried workers were more likely to have dental coverage than hourly-paid workers. Because of the pay differential, the cost of medical benefits as a percent of payroll was greater for hourly-paid workers (10.2 percent) compared to salaried employees (8.1 percent). Another significant difference in the benefit levels between salaried and hourly-paid employees was money contributed to 401K-type plans. Contributions for these plans were nearly twice as great as a percent of payroll for salaried employees as they were for hourly-paid workers. This differential may be attributable to employer contributions since 401K contributions are usually paid on a matching basis and higher paid salaried workers are more likely to participate in these programs.

Most major benefit categories increased as a percentage of payroll, indicating that these benefits were increasing at a faster pace than pay. The largest increase was in the category of medical and medically related benefits which accounted for nearly 60 percent of the increase in benefits, despite efforts made by employers to curb medical cost increases.

Employee benefit payments as a percent of payroll averaged 38.4 percent for all companies surveyed. This included 1.0 percent for retiree health insurance, which is a part of medical and medically related benefits. Benefit costs in 1988 were 36.2 percent of payroll for active employees, compared to 36.7 percent in 1989 and 37.4 percent in 1990.

Manufacturing firms reported benefits of 40.1 percent of payroll compared to 37.4 percent of payroll for nonmanufacturing firms. Manufacturing firms spent a greater percentage of payroll for most major categories of benefits including health related benefits, retirement and savings plans, vacations and holidays.

The one benefit program that skyrocketed in costs over the past year was the cost of health insurance and health related benefits. The cost of health related benefits increased by $315 per year, a 12.1 percent increase from the previous year. Health insurance costs are going up more than twice as fast as pay.

Complete results of average benefit payments for different types of benefits are given in tables 4a, 4b, and 4c.

Table 4a. Employee Benefits, by Type of Benefit, All employees, 1990

Total Employee Benefits as Percent of Payroll	Total, all Companies	Total, all Manufacturing	Total, all Non-manufacturing
Total employee benefits as percent of payroll	38.4	40.1	37.4
1. Legally required payments (employer's share only)	8.8	8.9	8.8
a. Old-age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.9	7.1	6.7
b. Unemployment compensation	0.6	0.6	0.6
c. Worker's compensation (including estimated cost of self-insured)	1.2	1.1	1.2
d. State sickness benefits insurance and other	0.2	0.1	0.2
2. Retirement and savings plan payments (employers' share only)	5.5	5.6	5.4
a. Defined benefit pension plan contributions	2.1	1.8	2.3
b. Defined contribution plan payments (401K type)	1.3	1.4	1.3
c. Profit sharing	0.8	1.6	0.3
d. Stock bonus and employee stock ownership plans (ESOP)	0.4	0.3	0.4
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	0.3	0.1	0.5
f. Administrative and other cost	0.5	0.3	0.7
3. Life insurance and death benefit payments (employers share only)	0.5	0.5	0.5
4. Medical and medically related benefit payments (employers' share only)	9.9	11.6	8.9
a. Hospital, surgical, medical and major medical insurance prem.(net)	7.3	8.4	6.7
b. Retiree (payments for retired employees) hospital, surgical, medical, major medical, insurance premiums (net)	1.0	1.4	0.7
c. Short-term disability sickness or accident insurance (company plan or insured plan)	0.4	0.5	0.3
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	0.2	0.2	0.2
e. Dental Insurance program	0.6	0.8	0.5
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.4	0.3	0.4
5. Paid rest periods, coffee breaks, lunch, wash-up time, travel time, clothes change time, get ready time, etc.	2.4	2.1	2.5
6. Payments for time not worked	10.5	10.8	10.3
a. Payments for or in lieu of vacations	5.5	5.7	5.4
b. Payments for or in lieu of holidays	3.3	3.4	3.3
c. Sick leave pay	1.2	1.2	1.3
d. Parental leave (maternity and paternity leave payments)	0.0	0.0	0.0
e. Other	0.4	0.5	0.4
7. Miscellaneous benefit payments	0.8	0.6	1.0
a. Discounts on goods and services purchased from company by employees	0.2	0.1	0.3
b. Employee meals furnished by company	0.1	0.1	0.1
c. Employee education expenditures	0.2	0.2	0.2
d. Child care	0.0	0.0	0.0
e. Other	0.3	0.2	0.3
Total employee benefits as cents per hour	600.7	681.2	557.4
Total employee benefits as dollars per year per employee	$12,402	$14,286	$11,414

... Less than 0.05 percent

Table 4b. Employee Benefits, by Type of Benefit, Salaried Employees, 1990

Total Employee Benefits as Percent of Payroll	Total, all Companies	Total, all Manufacturing	Total, all Non-manufacturing
Total employee benefits as percent of payroll	35.9	38.5	34.6
1. Legally required payments (employer's share only)	8.2	8.9	7.9
a. Old-age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.9	7.1	6.8
b. Unemployment compensation	0.4	0.5	0.4
c. Worker's compensation (including estimated cost of self-insured)	0.8	1.1	0.7
d. State sickness benefits insurance and other	0.1	0.1	0.0
2. Retirement and savings plan payments (employers' share only)	6.3	6.7	6.0
a. Defined benefit pension plan contributions	2.1	1.4	2.4
b. Defined contribution plan payments (401K type)	1.5	1.8	1.4
c. Profit sharing	0.7	1.4	0.3
d. Stock bonus and employee stock ownership plans (ESOP)	0.3	0.7	0.1
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	0.1	0.2	0.1
f. Administrative and other cost	1.5	1.2	1.7
3. Life insurance and death benefit payments (employers share only)	0.6	0.7	0.5
4. Medical and medically related benefit payments (employers' share only)	8.1	9.1	7.5
a. Hospital, surgical, medical and major medical insurance premiums (net)	6.2	7.3	5.7
b. Retiree (payments for retired employees) hospital, surgical, medical, major medical, insurance premiums (net)	0.6	0.7	0.6
c. Short-term disability sickness or accident insurance (company plan or insured plan)	0.2	0.2	0.2
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	0.2	0.1	0.3
e. Dental Insurance program	0.6	0.7	0.6
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.2	0.1	0.2
5. Paid rest periods, coffee breaks, lunch, wash-up time, travel time, clothes change time, get ready time, etc.	0.0	0.0	0.0
6. Payments for time not worked	11.9	12.2	11.8
a. Payments for or in lieu of vacations	5.9	5.9	5.9
b. Payments for or in lieu of holidays	3.9	4.1	3.8
c. Sick leave pay	1.6	1.5	1.7
d. Parental leave (maternity and paternity leave payments)	0.0	0.0	0.0
e. Other	0.5	0.6	0.4
7. Miscellaneous benefit payments	0.8	0.8	0.8
a. Discounts on goods and services purchased from company by employees	0.1	0.3	0.1
b. Employee meals furnished by company	0.1	0.0	0.1
c. Employee education expenditures	0.3	0.2	0.3
d. Child care	0.0	0.0	0.0
e. Other	0.3	0.3	0.3
Total employee benefits as cents per hour	664	829	597.1
Total employee benefits as dollars per year per employee	$13,649	$17,368	$12,169

... Less than 0.05 percent

Table 4c. Employee Benefits, by Type of Benefit, Hourly Employees, 1990

Total Employee Benefits as Percent of Payroll	Total, all Companies	Total, all Manufacturing	Total, all Non-manufacturing
Total employee benefits as percent of payroll	38.8	40.3	37.9
1. Legally required payments (employer's share only)	8.9	8.9	8.9
a. Old-age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.9	7.1	6.7
b. Unemployment compensation	0.6	0.6	0.6
c. Worker's compensation (including estimated cost of self-insured)	1.2	1.1	1.3
d. State sickness benefits insurance and other	0.2	0.1	0.3
2. Retirement and savings plan payments (employers' share only)	5.4	5.5	5.3
a. Defined benefit pension plan contributions	2.1	1.9	2.3
b. Defined contribution plan payments (401K type)	1.3	1.4	1.2
c. Profit sharing	0.9	1.7	0.3
d. Stock bonus and employee stock ownership plans (ESOP)	0.4	0.3	0.4
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	0.3	0.0	0.5
f. Administrative and other cost	0.4	0.2	0.5
3. Life insurance and death benefit payments (employers share only)	0.5	0.4	0.5
4. Medical and medically related benefit payments (employers' share only)	10.2	12.0	9.1
a. Hospital, surgical, medical and major medical insurance premiums (net)	7.5	8.6	6.9
b. Retiree (payments for retired employees) hospital, surgical, medical, major medical, insurance premiums (net)	1.0	1.5	0.7
c. Short-term disability sickness or accident insurance (company plan or insured plan)	0.4	0.5	0.3
d. Long-term disability or wage continuation(insured, self-administered, or trusts)	0.2	0.2	0.2
e. Dental Insurance program	0.6	0.8	0.5
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.4	0.3	0.4
5. Paid rest periods, coffee breaks, lunch, wash-up time, travel time, clothes change time, get ready time, etc.	2.8	2.4	3.0
6. Payments for time not worked	10.3	10.6	1.0
a. Payments for or in lieu of vacations	5.5	5.7	5.3
b. Payments for or in lieu of holidays	3.2	3.3	3.2
c. Sick leave pay	1.2	1.1	1.2
d. Parental leave (maternity and paternity leave payments)	0.0	0.0	0.0
e. Other	0.4	0.5	0.4
7. Miscellaneous benefit payments	0.8	0.5	1.0
a. Discounts on goods and services purchased from company by employees	0.2	0.0	0.3
b. Employee meals furnished by company	0.1	0.1	0.1
c. Employee education expenditures	0.2	0.2	0.2
d. Child care	0.0	0.0	0.0
e. Other	0.3	0.2	0.3
Total employee benefits as cents per hour	591.6	664.1	551.2
Total employee benefits as dollars per year per employee	$12,224	$13,929	$11,295

Less than 0.05 percent

INDUSTRY VARIATIONS

Employee benefits vary significantly among the industries surveyed. Manufacturing firms paid more in benefits in terms of actual dollars and as a percentage of payroll than nonmanufacturing firms. Benefit costs in manufacturing increased from 37.0 percent of payroll in 1989 to 40.1 percent of payroll in 1990, while benefits for non-manufacturing firms declined from 37.9 percent of payroll in 1989 to 37.4 percent of payroll.

The decline in benefits for non-manufacturing firms is only as a percent of payroll since benefits costs in nonmanufacturing firms increased at a slower pace than pay in 1990, but the cost of benefits in terms of dollars per year spent per employee continued to increase in 1990. It also appears that the new firms that we added to our survey to better represent the shift in the economy appear to have lower benefit levels than the older established firms that we have surveyed. Some of the decline in benefits between benefit levels in manufacturing and nonmanufacturing business is a result of pressure on service sector firms to increase benefits in order to attract qualified employees.

Health insurance costs for nonmanufacturing firms are not increasing at the fast pace that they are increasing in manufacturing. This may be the result of many small firms shifting health insurance costs to their employees by introducing cafeteria plans and flexible spending plans that fix the employers contributions to an employee's insurance plan, shifting the increases that have normally been absorbed by employers to employees. Some sectors that are experiencing financial problems, such as the banking and retailing industries, appear to have reduced benefits.

Manufacturing firms paid an average of 40.1 percent of payroll, or $14,286 per employee per year in benefits, adding nearly 681.2 cents per hour to the cost of an employee. Nonmanufacturing firms paid $11,414 per employee per year in benefits, 37.9 percent of payroll, and 557.4 cents per hour.

Firms that are in more competitive industries, such as retailers and low-pay manufacturers, generally have a lower level of benefits than firms in concentrated industries that have fewer firms.

Higher-pay industries tend to pay more in benefits than lower-pay industries. The reasons for this are two-fold. Employee benefits, except for vacations, holidays, and other leave, are not taxable and thus higher-paid workers would prefer benefits to the taxable income. On the other hand, lower-paid employees need a greater share of their income more immediately; and, therefore cannot afford to defer their incomes to long-term pay-off plans such as pensions.

More detailed data regarding the cost of benefits by industry as a percent of payroll, cents per payroll hour, and annual dollars per employee are shown in Tables 6, 7, and 8. It is important to note that many larger firms are engaged in activities in more than one industry, making it very difficult to place a firm into only one industry, but, this is the nature of any system of industrial classification. When a firm has activities in more than one industry that firm is classified in the industry that generates the greatest percentage of sales for that firm. This is essentially the same system used in government surveys.

Table 5. Major Types of Employee Benefits, by Industry Groups, 1990

Industry Group	Employee Benefits as Percent of Payroll										
	Total, all employee benefits	Legally required payments (employees' share only)	Retirement and savings plan payments (employers' share only)	Life insurance and death benefits payments (employers' share only)	Medical and medically-related benefits payments (employers' share only)	Paid rest periods	Payments for time not worked	Miscellaneous benefits	Total employee benefits as cents per payroll hour	Total employee benefits as dollars per payroll year	Number of companies
Total, all industries	38.4	8.8	5.5	0.5	9.9	2.4	10.5	0.8	600.7	12,402	1,000
Total, all manufacturing	40.1	8.9	5.6	0.5	11.6	2.1	10.8	0.6	681.2	14,286	366
Manufacture of:											
Food, beverages and tobacco	41.9	9.5	8.0	0.5	9.9	3.7	9.6	0.7	614.4	12,682	21
Textile products and apparel	29.9	10.4	1.8	0.2	8.0	1.6	7.8	0.2	333.5	6,368	20
Pulp, paper, lumber and furniture	42.5	12.6	3.0	0.5	10.2	5.1	10.8	0.2	616.3	12,747	22
Printing and publishing	34.8	9.1	3.4	0.5	8.2	3.7	8.6	1.3	532.8	10,809	26
Chemicals and allied products	34.5	8.9	2.1	0.5	11.0	1.1	10.4	0.4	598.9	13,158	18
Petroleum industry	34.4	9.3	5.6	0.7	7.6	1.0	9.7	0.5	681.7	14,491	10
Rubber, leather and plastic products	48.6	11.4	6.1	0.5	14.4	4.4	11.4	0.4	738.4	15,458	27
Stone, clay and glass products	39.3	10.1	4.2	0.7	10.8	2.9	8.8	1.8	522.3	11,232	12
Primary metal industries	41.5	12.9	4.1	1.5	11.2	2.2	9.4	0.4	657.9	13,526	16
Fabricated metal products	43.1	13.1	4.6	0.7	10.9	2.6	10.4	0.8	595.9	12,747	62
Machinery (excluding electrical)	41.3	9.7	7.2	0.6	10.7	3.2	9.5	0.5	654.5	13,787	27
Electrical machinery and supplies	40.6	7.9	6.7	0.3	12.5	1.7	10.8	0.6	711.1	14,792	43
Transportation equipment	40.3	9.3	4.3	0.6	11.5	2.0	12.2	0.4	737.1	15,691	18
Instruments and misc. manufacturing industries	35.0	8.1	3.5	0.8	8.8	3.0	10.2	0.7	607.7	13,025	44
Total, all nonmanufacturing	37.4	8.8	5.4	0.5	8.9	2.5	10.3	1.0	557.4	11,414	634
Public utilities (electric, gas, water, telephone, etc.)	41.9	8.2	6.4	0.7	11.8	2.3	11.6	0.8	785.6	16,330	113
Department stores	28.2	10.3	2.1	0.2	4.1	1.2	7.3	3.0	270.8	5,287	3
Trade (wholesale and other retail)	34.9	11.6	2.5	0.1	9.0	3.4	7.0	1.2	295.5	6,156	69
Banks, finance companies and trust companies	29.4	7.0	4.9	0.4	6.0	2.2	8.2	0.7	446.7	8,983	57
Insurance companies	37.7	8.0	6.3	0.5	8.3	2.7	10.4	1.5	577.3	11,471	89
Hospitals	35.3	8.6	3.0	0.2	8.1	4.3	10.0	1.1	467.4	9,665	89
Misc. nonmanufacturing industries*	36.8	9.0	5.8	0.4	7.6	2.5	10.9	0.5	604.9	12,533	214

*Includes research, engineering, government agencies, construction, etc.

Table 6. Employee Benefits as Percent of Payroll, by type of Benefit and Industry Group, 1990

Type of Benefit	Total, all industries	Manufacturing Industries															Nonmanufacturing Industries							
		Total, all manufacturing	Food, beverage and tobacco	Textile products and apparel	Pulp, paper, lumber and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay and glass products	Primary metal industries	Fabricated metal products (excl. machinery and transportation equip.)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and misc. manufacturing industries	Total, all nonmanufacturing	Public utilities (elec., gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as percent of payroll	38.4	40.1	41.9	29.9	42.5	34.8	34.5	34.4	48.6	39.3	41.5	43.1	41.3	40.6	40.3	35.0	37.4	41.9	28.2	34.9	29.4	37.7	35.3	36.8
1. Legally required payments (employer's share only)	8.8	8.9	9.5	10.4	12.6	9.1	8.9	9.3	11.4	10.1	12.9	13.1	9.7	7.9	9.3	8.1	8.8	8.2	10.3	11.6	7.0	8.0	8.6	9.0
a. Old-age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.9	7.1	7.2	7.3	7.4	7.2	7.1	6.7	7.2	7.0	7.7	7.4	7.7	7.0	7.3	6.7	6.7	6.9	7.3	7.2	6.2	7.1	7.1	6.2
b. Unemployment compensation	0.6	0.6	1.0	1.9	1.1	0.8	0.6	0.6	0.8	0.7	1.4	0.7	0.8	0.5	0.5	0.6	0.6	0.5	1.0	1.1	0.6	0.6	0.2	0.5
c. Worker's compensation (including estimated cost of self-insured)	1.2	1.1	1.4	1.2	4.1	1.0	1.2	2.0	2.0	2.4	3.6	5.0	1.2	0.4	1.4	0.8	1.2	0.8	2.0	3.2	0.2	0.4	1.2	1.6
d. State sickness benefits insurance and other	0.2	0.1	—	—	—	—	—	—	1.4	—	0.1	—	—	—	—	—	0.2	—	—	—	—	—	—	0.7
2. Retirement and savings plan payments (employers' share only)	5.5	5.6	8.0	1.8	3.0	3.4	2.1	5.6	6.1	4.2	4.1	4.6	7.2	6.7	4.3	3.5	5.4	6.4	2.1	2.5	4.9	6.3	3.0	5.8
a. Defined benefit pension plan contributions	2.1	1.8	2.3	1.3	1.7	0.8	0.7	0.1	4.6	1.6	2.5	0.7	1.9	2.1	1.5	1.1	2.3	2.7	—	0.3	1.4	2.7	1.8	2.9
b. Defined contribution plan payments (401K type)	1.3	1.4	0.5	0.2	0.5	1.3	0.8	1.9	0.8	1.3	0.8	0.5	1.8	1.7	1.7	1.2	1.3	1.9	—	0.8	2.2	1.2	0.5	0.9
c. Profit sharing	0.8	1.6	4.8	0.1	0.3	0.8	—	0.3	0.5	0.5	0.6	0.4	1.8	2.5	—	0.7	0.3	0.1	0.7	0.5	0.5	0.5	0.3	0.3
d. Stock bonus and employee stock ownership plans (ESOP)	0.4	0.3	—	0.2	—	0.2	0.6	2.3	—	—	—	0.4	1.3	0.3	0.3	—	0.4	0.2	1.3	0.1	0.4	0.6	—	0.3
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	0.3	0.1	0.1	—	—	—	—	—	—	—	—	1.3	—	—	—	—	0.5	0.9	—	0.6	—	0.2	—	0.4
f. Administrative and other cost	0.5	0.3	0.3	0.1	0.6	0.3	0.1	1.0	0.2	0.9	0.2	1.3	0.3	0.1	0.7	0.4	0.7	0.6	—	0.2	0.3	1.1	0.4	0.9
3. Life insurance and death benefit payments (employers share only)	0.5	0.5	0.5	0.2	0.5	0.5	0.5	0.7	0.5	0.7	1.5	0.7	0.6	0.3	0.6	0.8	0.5	0.7	0.2	0.1	0.4	0.5	0.2	0.4
4. Medical and medically related benefit payments (employers' share only)	9.9	11.6	9.9	8.0	10.2	8.2	11.0	7.6	14.4	10.8	11.2	10.9	10.7	12.5	11.5	8.8	8.9	11.8	4.1	9.0	6.0	8.3	8.1	7.6
a. Hospital, surgical, medical and major medical insurance premiums (net)	7.3	8.4	7.5	7.3	9.0	7.1	7.5	5.9	7.7	9.3	8.8	9.3	8.5	8.8	9.0	6.9	6.7	8.5	3.4	7.6	4.9	6.3	6.9	5.7
b. Retiree (payments for retired employees) hospital, surgical, medical and major medical insurance premiums (net)	1.0	1.4	0.8	—	0.7	0.1	2.7	0.3	1.9	0.3	1.4	0.3	0.4	1.8	0.9	0.6	0.7	0.9	0.1	0.4	0.3	0.6	0.2	0.9
c. Short-term disability sickness or accident insurance (company plan or insured plan)	0.4	0.5	0.5	0.2	0.1	0.4	—	1.0	0.7	0.2	0.2	0.3	0.4	0.7	0.2	0.2	0.3	0.6	0.1	0.2	0.2	0.2	0.2	0.2
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	0.2	0.2	0.5	—	0.1	0.2	0.1	0.1	0.6	0.2	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	—	0.1	0.1	0.4	0.2	0.3
e. Dental insurance program	0.6	0.8	0.6	0.3	0.2	0.4	0.6	0.3	0.7	0.6	0.4	0.7	0.8	0.8	0.9	0.7	0.5	0.8	0.3	0.4	0.3	0.5	0.5	0.4
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.4	0.3	0.1	0.1	0.1	—	0.1	0.2	2.8	0.2	0.3	0.1	0.4	0.3	0.3	0.2	0.4	0.8	0.1	0.3	0.2	0.3	0.1	0.2
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc.	2.4	2.1	3.7	1.6	5.1	3.7	1.1	1.0	4.4	2.9	2.2	2.6	3.2	1.7	2.0	3.0	2.5	2.3	1.2	3.4	2.2	2.7	4.3	2.5
6. Payments for time not worked	10.5	10.8	9.6	7.8	10.8	8.6	10.4	9.7	11.4	8.8	9.4	10.4	9.5	10.8	12.2	10.2	10.3	11.6	7.3	7.0	8.2	10.4	10.0	10.9
a. Payments for or in lieu of vacations	5.5	5.7	5.4	4.6	6.4	4.8	5.6	6.0	5.6	5.2	5.0	4.9	5.3	6.2	5.6	3.4	5.4	6.2	3.3	4.4	3.9	5.2	6.2	5.6
b. Payments for or in lieu of holidays	3.3	3.4	3.8	2.7	3.6	2.4	2.9	3.1	3.7	2.9	3.5	3.7	2.7	3.3	4.0	3.5	3.3	3.6	2.6	1.6	3.0	3.5	1.7	3.6
c. Sick leave pay	1.2	1.2	0.1	0.2	0.5	1.3	0.5	0.5	0.7	0.3	0.5	1.4	0.9	1.1	2.0	1.3	1.3	1.2	1.3	0.7	1.0	1.4	1.5	1.5
d. Parental leave (maternity and paternity leave payments)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
e. Other	0.4	0.5	0.3	0.3	0.4	0.2	1.4	0.1	1.4	0.4	0.4	0.5	0.6	0.2	0.7	2.0	0.4	0.5	0.2	0.3	0.2	0.4	0.5	0.3
7. Miscellaneous benefit payments	0.8	0.6	0.7	0.2	0.2	1.3	0.4	0.5	0.4	1.8	0.4	0.8	0.5	0.6	0.4	0.7	1.0	0.8	3.0	1.2	0.7	1.5	1.1	0.5
a. Discounts on goods and services purchased from company by employees	0.2	0.1	0.1	—	—	0.1	—	—	0.1	—	—	—	—	0.1	—	—	0.3	0.1	2.8	1.0	0.1	0.1	0.2	—
b. Employee meals furnished by company	0.1	0.1	0.1	—	—	—	0.3	—	—	—	0.1	—	—	0.1	—	—	0.1	0.1	0.2	0.1	0.1	0.3	0.2	—
c. Employee education expenditures	0.2	0.2	0.1	—	—	0.3	0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.2	0.2	—	0.1	0.3	0.4	0.3	0.3
d. Child care	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	—
e. Other	0.3	0.2	0.3	0.1	0.1	0.9	0.1	0.2	0.2	1.7	0.1	0.5	0.2	0.3	0.2	0.3	0.3	0.4	0.1	0.1	0.3	0.7	0.4	0.3

*Includes research, engineering, government agencies, construction, etc.
— No companies reporting

Table 7. Employee Benefits as Cents per Payroll Hour, by Type of Benefit and Industry Group, 1990

Type of Benefit	Total, all industries	Manufacturing Industries															Nonmanufacturing Industries							
		Total, all manufacturing	Food, beverage and tobacco	Textile products and apparel	Pulp, paper, lumber and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay and glass products	Primary metal industries	Fabricated metal products (excl. machinery and transportation equip.)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and misc. manufacturing industries	Total, all nonmanufacturing	Public utilities (elec., gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as percent of payroll	600.7	681.2	614.4	333.5	616.3	532.8	598.9	681.7	738.4	522.3	657.9	595.9	654.5	711.1	737.1	607.7	557.4	785.6	270.8	296.5	446.7	577.3	467.4	604.9
1. Legally required payments (employer's share only)	137.6	150.6	138.9	116.0	183.1	138.7	155.0	184.9	172.9	133.9	204.0	181.8	153.9	137.7	170.0	140.8	130.6	154.6	99.2	98.5	106.4	123.0	113.4	148.6
a. Old-age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	107.6	120.7	104.8	80.8	106.6	111.0	122.5	133.3	108.6	92.5	122.0	102.3	121.5	122.4	134.4	116.7	100.6	130.2	70.5	61.4	93.5	108.4	94.3	101.6
b. Unemployment compensation	9.2	10.1	14.3	21.2	16.5	11.5	10.7	11.8	12.4	8.8	22.5	10.1	12.9	8.3	9.1	10.2	8.7	9.4	9.2	9.5	9.1	8.8	2.8	8.3
c. Worker's compensation (including estimated cost of self-insured)	18.3	18.9	19.8	13.9	59.6	15.8	21.2	39.6	30.9	32.5	57.7	69.4	19.5	6.9	26.3	13.5	18.0	14.5	19.5	27.2	3.3	5.4	16.0	27.1
d. State sickness benefits insurance and other	2.6	1.0		0.1	0.3	0.3	0.5	0.2	21.0	0.1	1.9		0.1	0.1	0.2	0.4	3.4	0.5		0.4	0.5	0.3	0.4	11.6
2. Retirement and savings plan payments (employers' share only)	86.1	95.6	116.8	19.9	43.9	52.0	36.9	110.5	93.0	56.1	64.7	63.5	113.4	117.7	78.8	60.7	81.0	120.5	20.0	21.2	74.0	95.7	39.5	95.4
a. Defined benefit pension plan contributions	33.4	31.0	33.5	14.2	24.7	13.0	11.6	2.8	70.0	21.7	39.0	9.6	30.5	36.4	28.0	19.0	34.7	50.7		2.7	21.2	42.1	23.8	48.4
b. Defined contribution plan payments (401K type)	20.8	24.3	7.9	1.9	6.6	20.1	13.9	38.0	11.5	16.7	12.8	7.2	28.3	29.5	31.1	21.1	18.9	34.8		6.5	33.1	18.5	6.2	15.6
c. Profit sharing	12.9	27.9	70.0	0.8	3.7	12.1	0.2	5.6	8.1	6.1	9.9	5.1	28.7	44.7	0.8	12.8	4.9	1.4	7.2	4.6	8.2	7.0	4.0	5.6
d. Stock bonus and employee stock ownership plans (ESOP)	5.6	5.9	0.2	2.1	0.1	2.6	10.0	44.8	0.4			5.1	20.5	5.5	5.8	0.2	5.5	4.6	12.7	1.2	6.2	8.9	0.1	5.2
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	4.9	1.1	0.8	0.1		0.4		0.1	0.3			18.5	0.4		0.4	0.5	6.9	17.0		4.9	0.1	2.7	0.3	6.0
f. Administrative and other cost	8.5	5.4	4.4	0.9	8.6	3.9	1.3	19.2	2.8	11.6	3.0	17.9	5.0	1.5	12.8	7.1	10.2	12.0	0.1	1.3	5.2	16.5	5.1	14.6
3. Life insurance and death benefit payments (employers share only)	7.6	8.1	6.9	2.5	7.9	7.3	9.1	14.7	8.1	8.9	23.3	9.4	9.2	5.9	10.4	13.5	7.4	13.6	2.0	1.0	6.0	8.3	2.8	7.3
4. Medical and medically related benefit payments (employers' share only)	154.9	197.2	145.2	88.9	148.2	126.3	191.1	151.1	218.4	142.9	177.2	151.1	169.5	218.9	211.0	152.7	132.1	221.7	39.6	76.2	91.4	127.1	107.4	124.5
a. Hospital, surgical, medical and major medical insurance premiums (net)	114.8	143.5	109.5	81.1	130.3	108.9	129.9	116.0	116.6	124.0	139.0	128.4	134.7	153.4	165.2	119.9	99.5	158.5	33.0	64.6	74.3	95.8	91.8	93.2
b. Retiree (payments for retired employees) hospital, surgical, medical and major medical insurance premiums (net)	15.2	23.8	11.4	0.3	10.6	1.8	47.4	6.9	28.4	4.0	21.8	4.6	6.0	32.3	15.6	10.6	10.6	17.8	1.0	3.3	4.7	9.9	2.4	14.1
c. Short-term disability sickness or accident insurance (company plan or insured plan)	6.1	8.5	7.5	2.6	1.4	5.4	0.5	18.9	10.8	2.4	3.6	3.9	6.2	12.4	3.6	3.4	4.8	11.8	1.1	1.7	3.7	2.6	2.3	3.2
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	3.5	3.0	6.6	0.4	0.8	2.9	1.7	1.1	9.5	2.0	1.7	2.7	3.3	1.9	4.1	3.1	3.7	4.6		0.7	1.5	6.8	2.8	4.5
e. Dental insurance program	9.6	13.1	8.9	3.9	3.4	6.8	10.3	5.1	11.1	8.4	6.3	9.8	12.5	14.4	17.3	11.9	7.8	14.6	3.2	3.1	4.8	7.5	6.2	6.5
f. Other (vision care, physical and mental fitness, benefits for former employees)	5.7	5.5	1.2	0.6	1.7	0.5	1.2	3.1	42.0	2.0	4.8	1.6	6.8	4.5	5.2	3.8	5.8	14.3	1.2	2.8	2.4	4.6	1.9	3.0
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc.	37.2	35.9	54.7	17.8	74.2	56.8	18.3	19.5	66.3	38.9	34.2	35.3	50.4	30.2	36.0	51.6	37.9	43.7	11.6	29.2	33.8	40.7	56.7	41.0
6. Payments for time not worked	164.6	184.4	141.2	86.4	156.7	132.2	180.9	192.0	172.9	117.1	148.6	144.2	150.6	190.2	223.1	176.3	153.9	217.3	69.7	59.2	123.8	159.9	132.5	179.2
a. Payments for or in lieu of vacations	86.6	97.3	79.2	51.1	92.2	72.9	96.8	117.9	85.7	69.5	80.0	68.2	83.3	108.9	101.6	59.5	80.9	116.9	31.3	37.0	59.5	79.7	82.6	91.7
b. Payments for or in lieu of holidays	52.0	58.4	56.1	30.5	51.3	37.2	50.6	62.1	55.8	38.7	55.6	50.6	43.1	57.3	72.5	60.5	48.6	68.1	24.5	13.9	46.0	53.2	23.2	58.9
c. Sick leave pay	19.2	19.7	2.2	1.7	6.9	19.2	8.8	9.2	9.9	4.1	7.1	19.1	14.8	19.8	36.9	21.9	18.9	22.4	12.3	6.1	15.0	2.2	19.3	24.1
d. Parental leave (maternity and paternity leave payments)						0.1					0.1						0.1	0.1			0.3	0.1	0.3	
e. Other	6.7	9.1	3.7	3.2	6.0	2.8	24.7	2.8	21.2	4.8	5.8	6.3	9.5	4.2	12.2	34.3	5.4	9.8	1.5	2.2	3.1	5.7	7.2	4.4
7. Miscellaneous benefit payments	12.7	9.4	10.7	2.0	2.3	19.5	7.6	9.0	6.8	24.5	5.9	10.6	7.4	10.3	7.7	12.1	14.5	14.1	28.8	10.2	11.4	22.7	15.0	8.9
a. Discounts on goods and services purchased from company by employees	3.1	1.0	2.2	0.3		1.2		0.1	1.6	0.4	0.2	0.4		1.6	0.1		4.2	2.6	26.5	8.4	1.0	1.0	2.6	0.1
b. Employee meals furnished by company	1.4	1.0	1.6				4.7	0.1			1.4	0.5	0.1	1.2		0.9	1.6	1.3	1.5	0.6	1.5	5.1	2.3	0.4
c. Employee education expenditures	3.3	3.1	1.8	0.5	0.3	4.4	1.9	4.2	1.7	1.6	1.9	2.8	3.7	3.1	3.8	5.4	3.5	3.5		0.5	4.3	6.1	3.7	4.4
d. Child care	0.1		0.2														0.1				0.1	0.1	0.7	
e. Other	4.8	4.2	5.0	1.2	2.0	13.9	0.9	4.7	3.4	22.5	2.4	6.9	3.6	4.4	3.8	5.7	5.0	6.6	0.8	9.8	4.5	10.3	5.5	4.1

*Includes research, engineering, government agencies, construction, etc.
... No companies reporting

Table 8. Employee Benefits as Dollars per Year per Employee, by type of Benefit and Industry Group, 1990

Type of Benefit	Manufacturing Industries															Nonmanufacturing Industries							
	Total, all industries	Total, all manufacturing	Food, beverage and tobacco	Textile products and apparel	Pulp, paper, lumber and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay and glass products	Primary metal industries	Fabricated metals products (excl. machinery and transp. equip.)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and misc. manufacturing industries	Total, all nonmanufacturing	Public utilities (elec., gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as percent of payroll	12.402	14.286	12.682	6.368	12.747	10.809	13.158	14.491	15.458	11.232	13.526	12.747	13.787	14.792	15.691	13.025	11.414	16.330	5.287	6.156	8.983	11.471	9.665	12.533
1. Legally required payments (employer's share only)	2.841	3.159	2.867	2.214	3.787	2.813	3.405	3.930	3.620	2.880	4.193	3.890	3.242	2.866	3.620	3.018	2.574	2.215	1.937	2.051	2.139	2.443	2.345	3.078
a. Old-age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	2.221	2.531	2.164	1.543	2.206	2.252	2.690	2.833	2.273	1.990	2.507	2.188	2.559	2.547	2.861	2.501	2.059	2.707	1.377	1.278	1.879	2.154	1.949	2.105
b. Unemployment compensation	189	211	295	405	340	234	236	250	261	190	462	216	271	173	194	220	178	196	179	197	183	175	58	171
c. Worker's compensation (including estimated cost of self-insured)	378	396	409	265	1.234	320	465	843	647	699	1.186	1.485	410	144	561	290	368	301	381	567	67	108	330	561
d. State sickness benefits insurance and other	53	21	0	1	7	7	11	5	440	3	38	1	2	2	4	8	69	11	0	8	9	6	8	241
2. Retirement and savings plan payments (employers' share only)	1.778	2.005	2.410	380	909	1.056	811	2.348	1.947	1.206	1.330	1358	2389	2.448	1.678	1.301	1.660	2.505	391	442	1.448	1.902	817	1.976
a. Defined benefit pension plan contributions)	690	651	692	271	510	264	255	59	1.466	467	801	206	643	758	596	408	711	1.054	0	55	426	836	492	1.003
b. Defined contribution plan payments (401K type)	430	510	163	36	136	407	305	807	240	360	264	154	596	614	662	452	388	723	0	135	666	367	128	322
c. Profit sharing	267	585	1.444	14	77	245	4	119	169	131	204	109	604	929	16	275	99	28	140	96	164	139	82	115
d. Stock bonus and employee stock ownership plans (ESOP)	116	123	4	40	7	52	219	952	9	0	0	109	431	115	124	5	112	96	248	26	125	178	3	108
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	100	22	16	2	0	9	0	2	6	0	0	396	9	1	8	11	141	354	0	102	2	54	7	124
f. Administrative and other cost	176	113	90	17	179	79	28	409	58	249	61	384	106	31	272	151	209	250	2	27	105	328	105	303
3. Life insurance and death benefit payments (employers share only)	157	169	142	48	163	147	199	313	170	191	480	201	194	124	222	290	151	283	39	21	121	164	58	151
4. Medical and medically related benefit payments (employers' share only)	3.197	4.135	2.997	1.697	3.066	2.562	4.199	3.213	4.571	3.073	3.643	3.232	3.571	4.555	4.492	3.272	2.705	4.608	773	1.587	1.838	2.526	2.221	2.580
a. Hospital, surgical, medical and major medical insurance premiums (net)	2.371	3.009	2.261	1.548	2.695	2.210	2.854	2.466	2.440	2.667	2.857	2.747	2.837	3.192	3.517	2.570	2.037	3.295	644	1.345	1.494	1.903	1.898	1.932
b. Retiree (payments for retired employees) hospital, surgical, medical and major medical insurance premiums (net)	314	498	236	5	218	36	1.042	147	595	87	448	99	126	672	331	228	217	370	20	69	95	196	49	292
c. Short-term disability sickness or accident insurance (company plan or insured plan)	126	177	154	50	28	110	12	402	226	52	74	84	130	258	77	73	99	246	22	35	74	51	48	66
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	71	62	137	8	17	60	38	23	199	44	36	57	70	40	87	66	76	96	1	14	30	135	58	93
e. Dental insurance program	198	274	185	74	71	137	227	109	232	181	129	210	263	299	369	254	159	303	62	65	97	149	128	134
f. Other (vision care, physical and mental fitness, benefits for former employees)	117	114	25	11	36	10	27	66	880	43	100	34	144	94	111	81	118	298	24	58	47	92	40	63
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc.	768	753	1.129	341	1.535	1.153	403	415	1.387	836	703	755	1.063	629	767	1.107	776	908	226	608	679	808	1.173	850
6. Payments for time not worked	3.398	3.868	2.915	1.650	3.241	2.682	3.974	4.081	3.619	2.518	3.055	3.084	3.172	3.956	4.749	3.778	3.152	4.518	1.360	1.233	2.490	3.177	2.741	3.713
a. Payments for or in lieu of vacations	1.789	2.041	1.635	975	1.907	1.478	2.126	2.507	1.795	1.495	1.644	1.459	1.754	2.266	2.164	1.276	1.657	2.431	612	772	1.197	1.584	1.708	1.901
b. Payments for or in lieu of holidays	1.074	1.225	1.157	582	1.066	754	1.111	1.320	1.168	831	1.144	1.082	908	1.192	1.543	1.296	995	1.416	478	289	924	1.057	479	1.221
c. Sick leave pay	396	412	45	32	143	390	194	195	208	88	147	409	311	412	786	470	387	466	241	127	302	421	399	499
d. Parental leave (maternity and paternity leave payments)	1	0	0	0	0	3	1	0	0	0	1	0	0	0	0	1	1	1	0	0	5	1	5	1
e. Other	139	190	77	60	125	58	542	59	444	103	120	135	199	87	259	735	111	204	30	46	62	114	149	91
7. Miscellaneous benefit payments	262	197	221	38	47	395	166	192	142	527	121	227	155	215	164	258	296	293	562	213	228	450	310	185
a. Discounts on goods and services purchased from company by employees	64	22	45	5	0	24	0	2	34	9	5	9	0	34	3	1	87	55	517	174	20	20	54	1
b. Employee meals furnished by company	29	21	33	0	1	0	103	1	1	0	28	12	2	25	0	18	33	28	30	12	30	102	49	7
c. Employee education expenditures	69	64	37	9	5	88	42	68	36	34	39	60	79	65	81	117	71	73	0	10	86	121	77	90
d. Child care	1	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	2	1	0	0	2	3	15	1
e. Other	98	89	103	23	40	283	20	100	71	484	49	147	75	91	81	122	103	138	15	17	91	205	114	85

*Includes research, engineering, government agencies, construction, etc.
... No companies reporting

REGIONAL VARIATIONS

Table 9 shows benefit payments by region for the various industry groups. The regions are based on geographic designations used by the U.S. Census Bureau. The determination of the geographic location of the firm is based on the mailing address of the firm's headquarters. For example, a firm headquartered in New York with stores or factories all across the nation would be located in the North East in our survey system.

There are regional variations in the percent of payroll spent on benefits. Regional differences in benefit packages do not appear to be as polarized as they have been in past years. The benefit levels in each of the geographic areas are driven by different factors. The East North Central region of the nation had the highest level of benefits. The reason for this is these are older more mature firms with high levels of existing liabilities to workers that need to be funded. One major benefit cost facing these firms is retiree health insurance, a benefit that newer firms have not had to confront and may not even offer. Benefits in the West are driven by factors different from those in the older industrialized parts of the nation. Workers in many of the firms in the West are younger and more mobil. In the West benefits are used to attract more qualified workers while in the older industrial regions benefits constitute an obligation to workers with long tenure and retirees.

Large differences exist in the cost of health insurance expenditures by firms in the different regions of the nation.

The cost of medically related insurance programs varies significantly based on the area of the country that a firm is located in. The differential between the highest and the lowest cost area is more than 65 percent. The average amount spent on medical insurance per employee was more than $4,100 per year per employee in the Eastern part of the U.S. compared to $2,474 per year in the Southeast, $2,726 in the Midwest and $3,323 in the Western part of the nation.

Compared to last year, benefits, as a percent of payroll, increased in all regions of the country except for the East North Central Region, which had the highest level of benefits as a percent in both years. The lowest level of benefits, as a percent of payroll, 37.4 percent, was reported in the Southeast. On a regional basis, the Northeast showed the largest increase going from 36.1 percent of payroll in 1989 to 38.6 percent of payroll in 1990. The large increase in that part of the country appears to be driven by a continued increase in medical insurance in that region, which increased at the fastest pace in the nation.

Cost of Medically Related Benefits

	1989	1990	% Change '89 to '90
All Regions	$2,853	3,197	+12.1
Northeast	3,639	4,103	+12.7
Southeast	2,260	2,474	+ 9.5
East North Central	2,477	2,726	+10.0
West	3,015	3,323	+10.2

There appears to be more of a standardization of benefits nationally and across regional lines. This year the variation across regions was only 1.4 percent of payroll, with the highest region, the East North Central Region paying 39 percent and the lowest region Southeast paying 37.4 percent of payroll in benefits. In 1989, the regional variation was 3.8 percent, more than twice the variation in the current year.

NORTHEAST	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont
EAST NORTH CENTRAL	Illinois, Indiana, Michigan, Ohio and Wisconsin
SOUTHEAST	Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia
WEST	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming

Table 9. Employee Benefits as Percent of Payroll, By Region and Industry Group, 1990

Industry Group	Total, all Regions	(Number of firms by region and industry in parentheses)			
		Northeast	East North Central	Southeast	West
Total, all industries	38.4 (1000)	38.6 (200)	39.0 (239)	37.4 (306)	38.8 (255)
Total, all manufacturing	40.1 (366)	39.1 (91)	46.2 (90)	38.5 (91)	39.7 (94)
Manufacture of:					
Food, beverages and tobacco	41.9 (21)	40.9 (3)	40.0 (5)	51.2 (8)	30.5 (5)
Textile products and apparel	29.9 (20)	... (2)	... (2)	29.9 (13)	18.3 (3)
Pulp, paper, lumber and furniture	42. 5 (22)	44.6 (3)	... (2)	32.7 (6)	44.9 (11)
Printing and publishing	34.8 (26)	35.7 (8)	43.4 (4)	36.0 (6)	28.7 (8)
Chemicals and allied products	34.5 (18)	28.4 (6)	39.7 (3)	34.8 (6)	42.2 (3)
Petroleum industry	34.4 (10)	... (0)	... (1)	34.7 (7)	... (2)
Rubber, leather, plastic products	48.6 (27)	40.0 (9)	58.8 (8)	39.8 (7)	37.2 (3)
Stone, clay and glass products	39.3 (12)	39.2 (4)	... (0)	37.8 (4)	41. 5 (4)
Primary metal industries	41.5 (16)	42.5 (7)	41.9 (4)	... (2)	39.2 (3)
Fabricated metal products (excluding machinery and transportation equipment)	43.1 (62)	42.4 (12)	38.1 (26)	36.2 (13)	46.4 (11)
Machinery (excluding electrical)	41.3 (27)	45.3 (7)	40.0 (10)	32.3 (5)	38.9 (5)
Electrical machinery and supplies	40.6 (43)	38.9 (12)	47.8 (13)	46.2 (7)	40.3 (11)
Transportation equipment	40.3 (18)	40.7 (5)	35.6 (5)	... (1)	40.1 (7)
Instruments and miscellaneous manufacturing industries	35.0 (44)	35.9 (13)	38.5 (7)	24.1 (6)	33.2 (18)
Total, all nonmanufacturing	37.4 (634)	37.9 (109)	36.4 (149)	37.1 (215)	38.2 (161)
Public utilities (electric, gas, water, telephone, etc.)	41.9 (113)	45.0 (19)	36.5 (16)	44.2 (39)	43.0 (39)
Department stores	28.2 (3)	... (0)	... (2)	... (1)	... (0)
Trade (wholesale and other retail)	34.9 (69)	29.7 (9)	31.0 (18)	29.5 (27)	37.3 (15)
Banks, finance companies, and trust companies	29.5 (57)	26.8 (9)	30.5 (14)	29.9 (22)	32.6 (12)
Insurance companies	37.7 (89)	36.7 (20)	39.2 (32)	37.5 (16)	36.3 (21)
Hospitals	35.3 (89)	33.5 (12)	34.0 (27)	34.0 (27)	38.6 (23)
Miscellaneous nonmanufacturing industries	36.8 (214)	40.4 (40)	37.7 (40)	36.7 (83)	34.4 (51)
Number of companies	1000 (1000)	200 (200)	239 (239)	306 (306)	255 (255)

*Includes research, engineering, government agencies, construction, etc.
...Fewer than three companies reporting

SIZE OF COMPANY VARIATIONS

In 1990, as in earlier years, larger firms generally paid more benefits than smaller firms, as shown in Table 10.

The highest level of benefits was reported by firms with between 2,500 and 5,000 employees, which paid 39.1 percent of payroll for benefits. This is a reversal from previous years when firms with 5,000 or more employees generally had the highest level of benefits. Benefit levels for the firms with more than 100 employees continued to increase in 1990 while benefit for payments for those with less than 100 employees declined in 1990. All groups of firms with more than 100 employees reported an increase in the percentage of payroll going to benefits. This means that benefits costs are increasing at a faster pace than direct compensation for employers with more than 100 employees. Firms with less than 100 employees showed a large decline in benefits costs. The decline in benefits costs reported in our survey for firms with less than 100 employees appears to have been the result of adding new service firms, and based on this data it appears that these firms are providing minimal benefits to their employees. Firms with between 2500 and 4999 employees showed the largest increase in the cost of benefits, with benefits increasing nearly two whole percentage points from 37.2 percent to 39.1 percent of payroll.

Benefits packages are becoming more standardized for firms with more than 100 employees. The greatest differential is between the smallest firms, those with less than 100 employees, and other firms. It appears that once a firm reaches the 100 employee level it adopts a standard benefits package.

Because of the complexity of the benefit laws, smaller, owner-operated firms usually cannot offer the same variety of benefits as larger companies with benefit specialists. In addition, the increasing difficulty that small employers are having in buying medical insurance at reasonable prices appears to have changed the benefits packages that small employers can offer their employees, placing a greater wedge between the types of benefits offered by small and large firms.

Table 10. Employee Benefits as Percent of Payroll, By Size of Company and Industry Group, 1990

	(Number of firms in survey by industry and size in parentheses)						
Industry Group	Total , all Companies	Under 100	100 - 499	500 - 999	1,000-2,499	2,500 - 4,999	Over 5,000
Total, all industries	38.4 (1000)	21.5 (222)	37.5 (293)	38.2 (121)	37.5 (175)	39.1 (64)	38.6 (125)
Total, all manufacturing	40.1 (366)	35.1 (83)	37.5 (139)	39.3 (47)	35.6 (44)	36.4 (13)	40.6 (40)
Manufacture of:							
Food, beverages and tobacco	41.9 (21)	39.2 (7)	36.4 (3)	42.5 (5)	... (1)	... (1)	42.3 (4)
Textile products and apparel	29.9 (20)	23.4 (6)	28.1 (7)	24.9 (3)	33.0 (3)	... (0)	... (1)
Pulp, paper, lumber and furniture	42.5 (22)	40.5 (10)	35.7 (7)	41.8 (3)	... (1)	... (0)	... (1)
Printing and publishing	34.4 (26)	34.9 (5)	35.3 (15)	32.0 (3)	35.6 (3)	... (0)	... (0)
Chemicals and allied products	34.5 (18)	34.3 (6)	40.4 (4)	... (2)	34.2 (3)	... (0)	34.6 (3)
Petroleum industry	34.4 (10)	... (1)	39.7 (3)	32.9 (3)	... (1)	... (0)	... (2)
Rubber, leather, plastic products	48.6 (27)	31.0 (7)	39.9 (14)	... (1)	... (0)	... (0)	49.1 (5)
Stone, clay and glass products	39.3 (12)	34.8 (5)	40.3 (7)	... (0)	... (0)	... (0)	... (0)
Primary metal industries	41.5 (16)	36.0 (4)	45.1 (4)	44.7 (3)	... (2)	... (2)	... (1)
Fabricated metal products	43.1 (62)	36.4 (14)	41.2 (34)	43.2 (4)	39.4 (6)	... (2)	... (2)
Machinery (excluding electrical)	41.3 (27)	35.8 (5)	39.2 (12)	45.7 (6)	... (2)	... (0)	... (2)
Electrical Machinery and supplies	40.6 (43)	29.5 (3)	33.2 (11)	46.0 (4)	38.0 (12)	41.1 (4)	40.6 (9)
Transportation equipment	40.3 (18)	... (1)	33.8 (4)	... (1)	41.4 (4)	... (1)	40.3 (7)
Instruments and misc. manuf. industries	35.0 (44)	32.9 (9)	35.4 (14)	36.6 (9)	28.2 (6)	32.3 (3)	39.1(3)
Total, all nonmanufacturing	37.4 (634)	16.4 (139)	37.5 (154)	37.5 (74)	38.2 (131)	39.8 (51)	37.2 (85)
Pubilc utilities (elec., gas, water, tele. ,etc.)	41.9 (113)	46.6 (8)	45.0 (22)	40.3 (11)	41.9 (33)	41.1 (15)	42.0 (24)
Department stores	28.2 (3)	... (1)	... (0)	... (0)	... (0)	... (0)	... (2)
Trade (wholesale and other retail)	34.9 (69)	28.5 (26)	28.2 (27)	... (2)	45.1 (3)	... (2)	34.7 (9)
Banks, finance companies & trust companies	29.4 (57)	36.0 (8)	41.6 (12)	36.4 (11)	31.1 (10)	30.9 (5)	28.4 (11)
Insurance companies	37.7 (89)	27.0 (9)	37.5 (11)	38.6 (16)	38.9 (25)	41.6 (10)	37.1 (18)
Hospitals	35.3 (89)	34.3 (14)	35.1 (17)	33.2 (14)	35.6 (33)	36.6 (7)	34.7 (4)
Miscellaneous nonmanufacturing industries	36.8 (214)	10.7 (73)	36.8 (65)	38.0 (20)	36.5 (27)	40.8 (12)	36.9 (17)
Number of companies	1,000 (1000)	222 (222)	293 (293)	121 (121)	175 (175)	64 (64)	125 (125)

*Includes research, engineering, government agencies, construction, etc.
...Fewer than three companies reporting; in these cases, data was not shown separately, however totals reflect all data.

PENSION AND INSURANCE COSTS

Employer payments are reported on a net basis after deducting dividends or credits returned to employers. In addition, some firms with pension plans reported that they were not obligated to contribute to these funds because the value of their portfolios had placed their plans at the required level of funding without additional contributions being made in 1990. The only cost incurred by those funds were generally administrative costs.

Pensions, Payments, Bonuses, and Savings Plan Payments

As shown on Table 11, 848 of the 1000 firms participating in this year's survey made some payment to a savings plan, pension fund, profit-sharing plan or similar plans. The rest indicated that they did not make any contributions to such plans for their employees. Firms not participating in either pension, profit sharing, savings or some form of deferred compensation represented 15.2 percent of the firms participating in the survey, an increase from 1989 when 11.2 percent of the firms participating in the survey reported no contributions to pension and/or profit sharing plans. The decline in participation in deferred compensation programs may be a result of the weaker economy and many of these plans depend on a specific level of profitability for employer contributions. Defined contribution plans, mainly 401K plans, continued to be the most popular type of pension or savings plan with more than half of the firms reporting that they made contributions to such plans for their employees. This is not to say that every employee in firms offering such plans was eligible to participate, but it indicates that those firms made some payments into a plan for at least some employees.

While the percentage of firms reporting payments for pension, profit-sharing and other savings plans decreased from the previous year, the amount paid into these plans increased from 5.1 to 5.5 percent of payroll, going up faster than payroll costs. The largest increase was reported in contributions to defined contribution plans.

The average payment to pension, savings, and profit sharing plans in 1990, shown in Table 12, was 5.5 percent of payroll, up from 5.1 percent of payroll reported last year. There was an increase in pension plan premiums payments to defined benefit plans from 1.9 percent of payroll in 1989 to 2.1 percent of payroll in 1990, this followed a decrease of 0.1 percent in the previous year. Payments to defined contribution plans increased from 1.0 percent of payroll to 1.3 percent of payroll. The defined benefit plans, the more traditional types of pension plans, that give workers benefits based on pay, years of service or similar criteria, have declined in importance in recent years. The newer plans that let workers accumulate wealth in accounts owned by the individual employee, such as 401K type plans, have become more prevalent.

Payments into defined contribution plans by employers, mainly 401K type savings programs, registered an increase from 0.8 percent of payroll in 1987, to 0.9 percent in 1988, to 1.0 percent in 1989 and, now, in 1990 have increased again to 1.3 percent of payroll. In 1990, the share of employer contributions increased from 22 cents of every dollar contributed to 401K plans to 27 cents of every dollar placed into these plans. Profit-sharing payments remained unchanged, stock bonus payments increased slightly, while administrative and other costs had a small decline as a percentage of payroll during 1990.

Table 11. Pension Payments, Bonuses and Savings Plan Payments by Industry Group, 1990

Industry Group	Total companies in survey	Number of Companies Paying Specified Percent of Payroll for Pensions								
		0%	0.1—1.9%	2.0—3.9%	4.0—5.9%	6.0—7.9%	8.0—9.9%	10.0—11.9%	12.0—13.9%	14.0% and over
Total, all industries	1,000	152	112	219	176	135	83	54	27	42
Total, all manufacturing	366	63	53	76	70	52	21	11	9	11
Food, beverages and tobacco	21	2	...	4	7	1	3	...	2	2
Textile products and apparel	20	8	7	2	1	...	1	1	...	...
Pulp, paper, lumber and furniture	22	8	2	4	4	1	2	...	1	...
Printing and publishing	26	4	2	7	5	3	3	1	...	1
Chemicals and allied products	18	3	4	4	3	3	...	1	...	...
Petroleum industry	10	1	2	1	3	1	...	...	1	1
Rubber, leather and plastic products	27	5	2	4	4	6	3	1	...	2
Stone, clay and glass products	12	2	6	...	2	...	1	1	...	...
Primary metal industries	16	3	2	4	3	3	1	...	...	...
Fabricated metal products	62	8	7	12	14	13	2	3	2	1
Machinery (excluding electrical)	27	3	3	8	4	5	1	1	...	2
Electrical machinery and supplies	43	6	7	11	4	8	2	1	3	1
Transportation equipment	18	1	3	6	4	4	...	...	...	...
Instruments and misc. manuf. industries	44	9	6	9	12	4	2	1	...	1
Total, all nonmanufacturing	634	89	59	143	106	83	62	43	18	31
Public utilities (elec., gas, water, tele., etc.)	113	3	6	25	20	19	17	10	4	9
Department stores	3	...	1	2	...	...	...	...	...	...
Trade (wholesale and other retail)	69	21	12	14	9	5	3	2	1	2
Banks, finance companies & trust companies	57	2	3	16	8	14	10	1	1	2
Insurance companies	89	5	6	22	18	10	9	8	4	7
Hospitals	89	25	10	30	15	3	2	4	...	...
Misc. nonmanufacturing industries*	214	33	21	34	36	32	21	18	8	11

*Includes research, engineering, government agencies, construction, etc.
...Less than 0.05 percent

Table 12. Pension Payments, Bonuses and Savings Plan Payments by Type of Pension and Industry

Industry Group	Total companies in survey	Pension Payments as Percent of Payroll						
		Total	Defined benefit pension plan contribution	Defined contributions plan payments	Profit sharing	Stock bonus and employee stock ownership plans (ESOP)	Pension plan premiums under insurance annuity contracts	Administrative and other costs
Total, all industries	1,000	5.5	2.1	1.3	0.8	0.4	0.3	0.5
Total, all manufacturing	366	5.6	1.8	1.4	1.6	0.3	0.1	.03
Food, beverages and tobacco	21	8.0	2.3	0.5	4.8	...	0.1	0.3
Textile products and apparel	20	1.8	1.3	0.2	0.1	0.2	...	0.1
Pulp, paper, lumber and furniture	22	3.0	1.7	0.5	0.3	...	...	0.6
Printing and publishing	26	3.4	0.8	1.3	0.8	0.2	...	0.3
Chemicals and allied products	18	2.1	0.7	0.8	...	0.6	...	0.1
Petroleum industry	10	5.6	0.1	1.9	0.3	2.3	...	1.0
Rubber, leather and plastic products	27	6.1	4.6	0.8	0.5	...	...	0.2
Stone, clay and glass products	12	4.2	1.6	1.3	0.5	...	...	0.9
Primary metal industries	16	4.1	2.5	0.8	0.6	...	...	0.2
Fabricated metal products	62	4.6	0.7	0.5	0.4	0.4	1.3	1.3
Machinery (excluding electrical)	27	7.2	1.9	1.8	1.8	1.3	...	0.3
Electrical machinery, equipment & supplies	43	6.7	2.1	1.7	2.5	0.3	...	0.1
Transportation equipment	18	4.3	1.5	1.7	...	0.3	...	0.7
Instruments and misc. manuf. industries	44	3.5	1.1	1.2	0.7	...	...	0.4
Total, all nonmanufacturing	634	5.4	2.3	1.3	0.3	0.4	0.5	0.7
Public utilities (elec., gas, water, tele., etc.)	113	6.4	2.7	1.9	0.1	0.2	0.9	0.6
Department stores	3	2.1	...	...	0.7	1.3	...	...
Trade (wholesale and other retail)	69	2.5	0.3	0.8	0.5	0.1	0.6	0.2
Banks, finance companies & trust companies	57	4.9	1.4	2.2	0.5	0.4	...	0.3
Insurance companies	89	6.3	2.7	1.2	0.5	0.6	0.2	1.1
Hospitals	89	3.0	1.8	0.5	0.3	...	...	0.4
Misc. nonmanufacturing industries*	214	5.8	2.9	0.9	0.3	0.3	0.4	0.9

*Includes research, engineering, government agencies, construction, etc.
...Less than 0.05 percent

PERCENT OF COMPANIES PAYING EMPLOYEE BENEFITS

Payments for government mandated programs were virtually universal for all the firms surveyed. Workers are provided with Social Security, unemployment and workers' compensation packages. The cost of these plans is about nine percent of payroll. In addition , a number of states have mandated state sickness insurance programs which effected 15 percent of the firms participating in this year's survey. Details of the percentage of firms paying specific benefits are shown in Table 13.

Retirement and saving plans participation this year decreased slightly from 1989. The percent of firms reporting payments into defined benefit plans declined from 44 to 41 percent from the previous year, the percent reporting payments into 401K type savings plans decreased slightly from 54 to 52 percent of participants following a significant increase from 47 to 54 percent from 1988 to 1989. The defined contribution plans continue to be the most prevalent type of savings or pension plan and there appears to be a move from defined benefit to defined contribution plans. Eighty-five percent of the firms participating in the 1990 survey reported contributions to at least one form of either retirement, savings, profit sharing or stock purchase plan, this appears to be similar to the average percent of firms participating in such plans for the last three years. Many firms reported contributions to more than one type of either savings or pension plan. The significant difference for retirement and saving plans in the last few years was a shift in the types of plans offered. Firms that offer 401K plans increased from 39 percent of all firms in the survey in 1987 to 52 percent in 1990. There has been a significant downward trend in firms participating in defined benefit plans from 48 percent reporting payments into these plans in 1987, to 45 percent in 1988, 44 percent in 1989, and 41 percent in 1990; profit sharing payments which increased from 20 percent of the firms making such payments in 1988 to 22 percent in 1989 remained at 22 percent participation in 1990; stock bonus plan popularity remained at exactly the same level with 10 percent of the firms participating in these programs; and pension plan premiums under insurance and annuity contracts also remained unchangedat 10 percent of firms reporting participation.

This year, 77 percent of the firms reported paid rest periods, about the same percentage of firms that reported giving this benefit in each of the past five years.

The question of paid leave and the use of that leave appears to be changing significantly. More firms are consolidating the leave concept and doing away with specific leave definitions. The percentage of firms that paid for vacations and holidays has made these benefits almost universal. In 1990, ninety-eight percent of the participating firms offered paid vacation and 93 percent offered paid holidays. Seventy-five percent of the firms paid sick leave, a slightly lower percentage of firms than in 1988 and 1989. The decline in firms paying sick leave is the result of a switch from sick leave to personal days off which allows an employee to take off for personal illnesses, and also for the illnesses of other family members. Employees are covered for personal illness through long-term and short-term disability insurance. Some firms, such as hospitals that operate on around-the-clock basis, now offer only one form of integrated leave for all purposes. Some other firms are also adopting cafeteria plans that allow employees to choose the number of days off and the type of leave they take. The percentage of firms reporting parental leave was about 6 percent, the same as in 1989. The small number of firms reporting payments for parental leave appears to be because employers include parental leave under short term disability and the integration of maternity leave into sick leave, short-term disability and or other types of paid leave programs furnished by employers.

Payments for health insurance for retirees are included because unlike pension plans that generally have a separate fund for future needs, health insurance for retirees is drawn from current operating funds. This is changing with the change in accounting rules under FASB 206 this issue will be examined after this year. Thirty-two percent of firms reported payments for retiree health insurance about the same as in the previous year.

Five percent of the firms in the survey reported making some payment toward either off-premise child care or on-premise child care, a small decline from 6 percent reported last year.

Average benefit costs as percent of payroll for companies paying employee benefits by industry are shown in Table 14. The percentages of payroll for the various benefits on this table are greater than the percentages reported in other tables since they are the percentages of payroll for only those firms offering the specific benefits noted.

Table 13. Percent of Companies Paying Employee Benefits, 1990

Type of Benefit	Total, all industries	Manufacturing Industries															Nonmanufacturing Industries							
		Total, all manufacturing	Food, beverage and tobacco	Textile products and apparel	Pulp, paper, lumber and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay and glass products	Primary metal industries	Fabricated metal products (excl. machinery and transportation equip.)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and misc. manufacturing industries	Total, all nonmanufacturing	Public utilities (elec., gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as percent of payroll																								
1. Legally required payments (employer's share only)																								
a. Old-age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
b. Unemployment compensation	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
c. Worker's compensation (including estimated cost of self-insured)	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
d. State sickness benefits insurance and other	15	15	5	30	14	15	22	10	22	17	6	5	7	23	17	20	15	12	0	12	19	26	3	18
2. Retirement and savings plan payments (employers' share only)																								
a. Defined benefit pension plan contributions	41	37	52	35	36	19	28	50	41	17	56	37	44	37	56	30	43	58	0	14	53	57	48	33
b. Defined contribution plan payments (401K type)	52	54	43	30	45	62	56	60	59	42	56	44	63	65	89	48	51	72	33	41	70	61	21	47
c. Profit sharing	22	27	38	10	27	23	17	20	37	17	25	42	11	26	17	25	19	4	33	36	30	20	9	21
d. Stock bonus and employee stock ownership plans (ESOP)	10	8	10	5	5	8	17	30	7	0	0	10	4	14	11	2	11	19	67	9	19	*2	1	7
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	10	8	14	5	0	12	0	10	7	0	0	13	7	7	11	11	11	14	0	7	14	13	7	12
f. Administrative and other cost	61	60	67	40	55	65	61	60	52	67	44	60	67	60	67	68	62	61	100	58	79	70	51	60
3. Life insurance and death benefit payments (employers share only)	91	93	90	75	91	85	94	100	93	92	88	94	100	98	94	100	90	93	100	88	95	93	94	86
4. Medical and medically related benefit payments (employers' share only)																								
a. Hospital, surgical, medical and major medical insurance premiums (net)	99	100	100	95	100	100	100	100	100	100	100	100	100	100	100	100	98	99	100	97	100	99	100	97
b. Retiree (payments for retired employees) hospital, surgical, medical and major medical insurance premiums (net)	32	24	33	15	14	12	28	40	15	8	31	24	30	35	39	20	36	59	33	20	47	58	11	27
c. Short-term disability sickness or accident insurance (company plan or insured plan)	43	54	52	30	55	46	28	50	56	58	56	65	56	65	50	52	37	35	67	42	30	48	28	38
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	63	54	76	45	41	65	50	80	41	58	31	50	56	56	83	52	67	77	33	51	72	74	72	62
e. Dental insurance program	55	54	67	35	59	46	56	60	41	50	31	48	70	58	67	64	56	65	67	42	51	67	71	45
f. Other (vision care, physical and mental fitness, benefits for former employees)	44	44	52	25	36	31	44	40	41	33	56	44	41	51	56	52	44	58	33	30	33	62	38	39
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc.	77	87	86	85	100	85	83	50	96	83	81	90	85	84	100	89	71	74	67	71	75	69	91	60
6. Payments for time not worked																								
a. Payments for or in lieu of vacations	98	100	100	95	100	100	100	100	100	100	100	100	100	100	100	100	97	100	100	96	95	97	99	94
b. Payments for or in lieu of holidays	93	98	100	85	100	96	89	100	100	92	100	98	96	100	100	100	90	98	100	86	91	94	79	91
c. Sick leave pay	75	62	48	40	27	73	78	80	56	50	44	53	63	79	83	77	82	91	100	74	82	83	84	78
d. Parental leave (maternity and paternity leave payments)	6	4	14	0	5	8	6	0	7	0	6	0	0	0	0	9	7	4	0	7	14	9	3	7
e. Other	57	58	48	45	59	58	44	50	52	42	44	61	63	60	78	68	57	87	67	42	37	71	60	43
7. Miscellaneous benefit payments																								
a. Discounts on goods and services purchased from company by employees	16	10	14	20	9	27	6	20	19	8	6	5	7	5	17	5	19	16	100	33	16	27	27	8
b. Employee meals furnished by company	22	11	10	5	14	4	28	10	4	8	19	5	4	14	6	30	28	34	33	19	39	52	28	15
c. Employee education expenditures	72	65	67	45	41	58	72	90	59	58	50	60	74	74	78	80	78	87	33	58	86	92	78	67
d. Child care	5	1	5	0	0	0	0	0	0	0	0	0	0	0	0	5	7	4	0	1	5	9	22	4
e. Other	74	73	81	60	77	81	72	50	81	67	50	79	52	70	78	82	75	82	67	62	82	87	74	69

*Includes research, engineering, government agencies, construction, etc.

Table 14. Average Benefit Cost as Percent of Payroll for Companies Paying Employee Benefits, 1990

Type of Benefit	Total, all industries	Manufacturing Industries															Nonmanufacturing Industries							
		Total, all manufacturing	Food, beverage and tobacco	Textile products and apparel	Pulp, paper, lumber and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay and glass products	Primary metal industries	Fabricated metal products (excl. machinery and transportation equip.)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and misc. manufacturing industries	Total, all nonmanufacturing	Public utilities (elec., gas, water, telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as percent of payroll																								
1. Legally required payments (employer's share only)																								
a. Old-age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.9	7.1	7.2	7.3	7.4	7.2	7.1	6.7	7.2	7.0	7.7	7.4	7.7	7.0	7.3	6.7	6.7	6.9	7.3	7.2	6.2	7.1	7.1	6.2
b. Unemployment compensation	0.6	0.6	1.0	1.9	1.1	0.8	0.6	0.6	0.8	0.7	1.4	0.7	0.8	0.5	0.5	0.6	0.6	0.5	1.0	1.1	0.6	0.6	0.2	0.5
c. Worker's compensation (including estimated cost of self-insured)	1.2	1.1	1.4	1.3	4.1	1.7	1.5	2.0	2.0	2.5	3.6	5.2	1.2	0.4	1.4	0.8	1.2	0.8	2.0	3.2	0.2	0.4	1.3	1.7
d. State sickness benefits insurance and other	0.6	0.3	0.0	0.1	0.7	0.2	0.1	1.8	2.9	0.2	0.3	0.3	0.1	0.0	0.0	0.1	0.7	0.2	0.0	0.1	0.1	0.0	0.7	1.6
2. Retirement and savings plan payments (employers' share only)																								
a. Defined benefit pension plan contributions	3.6	2.9	2.4	1.5	2.1	4.3	2.7	0.2	4.7	4.9	2.9	1.6	3.4	3.6	1.9	3.3	4.0	4.7	0.0	0.7	2.3	4.6	2.5	4.4
b. Defined contribution plan payments (401K type)	2.0	1.9	1.2	1.1	0.5	1.6	1.7	2.0	1.0	2.5	1.0	1.2	2.0	2.3	1.7	1.5	2.0	2.2	0.6	1.7	2.2	2.0	1.6	1.7
c. Profit sharing	4.4	8.6	11.8	0.1	2.0	4.8	1.9	7.8	1.6	2.2	3.0	3.1	7.0	10.7	0.8	5.4	1.8	3.3	3.3	1.5	2.0	2.8	3.2	1.1
d. Stock bonus and employee stock ownership plans (ESOP)	1.7	1.9	0.8	0.3	1.1	7.3	2.4	3.5	6.7	0.0	0.0	7.6	5.4	2.3	0.9	0.4	1.5	1.4	1.3	1.2	1.2	3.6	2.4	1.2
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	1.8	0.6	3.2	0.2	0.0	0.1	0.0	0.3	6.1	0.0	0.0	3.0	0.8	0.8	0.1	0.2	2.1	5.2	0.0	2.1	0.2	0.5	0.2	1.3
f. Administrative and other cost	0.8	0.6	0.5	0.4	0.8	0.4	0.2	1.0	0.3	1.0	0.5	1.6	0.4	0.2	1.0	0.5	1.0	1.0	0.0	0.6	0.4	1.3	0.6	1.1
3. Life insurance and death benefit payments (employers share only)	0.5	0.5	0.5	0.2	0.6	0.7	0.5	0.7	0.5	0.8	1.5	0.7	0.6	0.3	0.6	0.8	0.5	0.8	0.2	0.2	0.4	0.5	0.2	0.5
4. Medical and medically related benefit payments (employers' share only)																								
a. Hospital, surgical, medical and major medical insurance premiums (net)	7.4	8.4	7.5	7.3	9.0	7.1	7.5	5.9	7.7	9.3	8.8	9.3	8.5	8.8	9.0	6.9	6.7	8.6	3.4	7.6	4.9	6.3	6.9	5.7
b. Retiree (payments for retired employees) hospital, surgical medical and major medical insurance premiums (net)	1.4	1.8	0.9	0.5	1.1	0.8	3.8	1.1	2.1	2.9	1.5	0.8	0.7	2.0	1.1	1.1	1.1	1.6	0.5	0.6	0.4	0.9	0.7	1.1
c. Short-term disability sickness or accident insurance (company plan or insured plan)	0.6	0.6	0.6	0.3	0.3	0.9	0.1	1.0	0.7	0.3	0.3	0.6	0.5	0.7	0.3	0.2	0.6	1.1	0.5	0.3	0.5	0.4	0.5	0.3
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	0.3	0.3	0.5	0.2	0.3	0.2	0.3	0.1	0.8	0.3	0.1	0.2	0.5	0.2	0.4	0.2	0.4	0.3	0.0	0.3	0.2	0.6	0.3	0.4
e. Dental insurance program	0.8	0.9	0.8	0.4	0.8	0.7	0.7	0.8	1.0	1.0	0.6	1.0	0.8	1.0	1.0	0.8	0.7	0.9	0.3	0.6	0.5	0.7	0.6	0.6
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.6	0.5	0.3	0.4	0.5	0.1	0.2	0.2	3.1	0.6	0.3	0.4	0.9	0.3	0.5	0.3	0.6	1.0	0.6	0.9	0.2	0.4	0.3	0.3
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc.	3.8	3.3	4.7	5.5	5.1	4.3	3.4	3.1	4.4	3.9	2.8	2.7	3.7	3.8	2.0	3.2	4.2	3.1	5.3	5.4	4.4	5.2	4.6	4.7
6. Payments for time not worked																								
a. Payments for or in lieu of vacations	5.6	5.7	5.4	4.6	6.4	4.8	5.6	6.0	5.6	5.2	5.0	4.9	5.3	6.2	5.6	3.4	5.5	6.2	3.3	4.5	4.0	5.2	6.2	5.6
b. Payments for or in lieu of holidays	3.4	3.4	3.8	2.9	3.6	2.4	2.9	3.1	3.7	3.1	3.5	3.7	2.7	3.3	4.0	3.5	3.4	3.7	2.6	2.5	3.2	3.5	2.6	3.6
c. Sick leave pay	1.5	1.3	0.6	0.2	0.7	1.4	0.5	1.3	1.0	0.5	1.0	1.7	1.3	1.1	2.0	1.6	1.6	1.6	1.3	0.8	1.1	1.7	1.9	1.8
d. Parental leave (maternity and paternity leave payments)	0.1	0.1	0.2	0.0	0.0	0.1	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.1	0.2	0.1	0.6	0.3
e. Other	0.6	0.7	0.4	0.3	1.5	0.3	2.4	0.2	1.6	0.9	0.6	0.6	0.7	0.3	0.7	2.5	0.6	0.7	0.2	0.5	0.6	0.5	0.7	0.6
7. Miscellaneous benefit payments																								
a. Discounts on goods and services purchased from company by employees	0.8	0.4	0.4	0.4	0.0	0.2	0.6	0.0	0.2	0.7	0.1	0.5	0.0	0.6	0.1	0.2	1.0	0.4	2.8	2.1	0.1	0.2	0.5	0.2
b. Employee meals furnished by company	0.4	0.5	0.3	0.0	0.2	0.0	0.7	0.5	1.1	0.0	0.1	0.8	0.2	0.5	0.0	0.2	0.4	0.3	0.2	0.7	0.2	0.7	0.4	0.3
c. Employee education expenditures	0.3	0.3	0.1	0.1	0.1	0.4	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.2	0.3	0.3	0.2	1.1	0.1	0.3	0.4	0.3	0.4
d. Child care	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.2	0.0
e. Other	0.4	0.4	0.3	0.5	0.4	11.2	0.1	0.3	0.2	2.6	0.2	0.5	0.5	0.7	0.2	0.4	0.5	0.4	0.1	0.1	0.4	0.7	0.5	0.5

*Includes research, engineering, government agencies, construction, etc.

PAYROLL DEDUCTIONS FOR EMPLOYEE BENEFITS

Payroll deductions for employee benefits (Table 15) amounted to 11.6 percent of payroll. The major part of these deductions went to the Old Age, Survivors, Disability and Health Insurance (OASDHI) programs.

Employee contributions to health and life insurance payments amounted to 1.5 percent of payroll, indicating that employees were absorbing approximately 12.6 percent of the cost of their insurance programs, down from 1989 when employees paid for about 13.3 percent of their insurance costs. The total cost of health and life insurance when both the employer and employee costs are added together is 11.9 percent of payroll, this is a 0.6 percent increase from 11.3 percent in 1989. Employers have absorbed virtually the entire increase in medical insurance costs between 1989 and 1990, the employee share of medical costs has increased at the same rate as pay, but employers costs have increased more than twice as fast as pay. This, however, may understate the amount of medical costs that employees are absorbing since 47 percent of the firms in the survey indicated that they had either raised or instituted a deductible in the last two years. This would be one way of shifting medical costs from the employer to the employee without raising premiums paid by employees.

Employee deductions for retirement and savings plans decreased slightly during 1990 from 3.6 percent of payroll to 3.5 percent of payroll during the past year. The 0.1 percent decline in the employee contribution was more than offset by a 0.3 percent increase in the employer's contribution to these plans. This follows four consecutive years of increases since 1986, when employees' deductions for their own pension and savings plans went from 2.7 percent of payroll in 1986 to 3.6 percent of payroll in 1989. This attests to the continued popularity of programs such as the 401K type plans that allow employees to contribute money without paying taxes until either retirement or some emergency need for money should arise. Based on an analysis of the data in this survey, 4.8 percent of payroll is going into these plans, of which 3.5 percent is contributed by the employee and 1.3 percent by employers. The ratio of employee to employer contributions, is about $2.70 being contributed by employees for every $1.00 that employers contribute to 401K and similar type plans. These programs should continue to grow in popularity as a result of the limits on the deductibility of Individual Retirement Account (IRA) contributions based on income limitations under the present tax law.

The employee cost of life insurance exceeds the employer contribution. This is probably due to the limit on the amount of life insurance that can be provided to employees by employers on a tax-free basis. This results in employers shifting benefit dollars to other insurance plans, such as health insurance and savings plans, where the benefit dollars are not taxed. Employees covered by this survey paid 58 percent of the cost of life insurance, compared with slightly more than 10 percent of the cost of health insurance.

Table 15. Payroll Deductions for Employee Benefits, 1990

Industry Group	Deductions as Percent of Payroll						
	Total deductions	OASDHI	Medically related benefits	Retirement and savings plans	Life insurance and other deductions	Total cents per hour	Total dollars per year
Total, all industries	11.6	6.6	0.9	3.5	0.6	180.7	3,731
Total, all manufacturing	12.6	7.1	0.6	4.0	0.9	213.6	4,480
Manufacture of:							
Food, beverages and tobacco	10.4	7.2	0.7	1.4	1.2	152.8	3,154
Textile products and apparel	12.7	7.3	3.3	1.8	0.3	141.1	2,695
Pulp, paper, lumber and furniture	9.4	7.4	0.9	1.0	0.2	136.4	2,821
Printing and publishing	12.3	7.3	1.1	3.8	0.2	188.9	3,831
Chemicals and allied products	12.5	7.1	0.5	4.6	0.3	216.5	4,756
Petroleum industry	13.6	6.5	1.6	5.0	0.5	269.2	5,723
Rubber, leather and plastic products	10.6	7.2	0.9	2.3	0.4	161.4	3,378
Stone, clay and glass products	11.2	6.8	1.1	3.1	0.2	149.0	3,205
Primary metal industries	10.1	7.3	0.3	2.2	0.2	159.6	3,281
Fabricated metal products	11.5	7.4	0.6	3.2	0.2	158.5	3,389
Machinery (excluding electrical)	13.6	7.7	0.8	4.9	0.2	215.6	4,542
Electrical machinery and supplies	12.8	7.0	0.5	4.3	1.0	223.9	4,659
Transportation equipment	13.5	7.4	0.3	4.7	1.2	246.2	5,240
Instruments and misc. manuf. industries	12.6	6.8	1.1	4.1	0.7	218.5	4,683
Total, all nonmanufacturing	10.9	6.4	1.1	3.2	0.4	163.0	3,338
Public utilities (elec., gas, water, tele., etc.)	10.1	6.0	0.5	3.4	0.3	188.7	3,922
Department stores	14.3	7.4	2.3	4.4	0.2	136.8	2,670
Trade (wholesale and other retail)	8.7	7.3	0.6	0.7	0.2	73.3	1,528
Banks, finance companies & trust companies	11.7	6.2	1.7	3.4	0.4	177.2	3,564
Insurance companies	12.8	7.0	1.7	3.5	0.6	196.2	3,899
Hospitals	11.2	7.3	1.4	1.7	0.9	148.8	3,076
Misc. nonmanufacturing industries*	10.7	5.9	1.0	3.4	0.4	175.3	3,631

*Includes research, engineering, government agencies, construction, etc.

BENEFITS PAID TO PART-TIME WORKERS

Part-time employees generally do not receive all the benefits that full-time employees receive. However, this policy varies considerably according to industry and firm. Manufacturing firms that generally do not have significant numbers of part-timers do not seek to make special accommodations for such workers, while many hospitals and banks that have large numbers of part-time workers have developed special benefits packages to attract and keep skilled part-time employees.

The industries that reported a significant percentage of part-time employees were printing and publishing, department stores, other wholesale and retail trade companies, food processing plants, banks and finance companies, and hospitals. Industries that made extensive use of skilled part-time workers tended to offer them more benefits than other industries.

While 17 percent of the total firms reported giving all benefits to part-timers, up slightly from the 16.8 percent who reported giving all benefits to part-timers in last year's survey, many firms provided one or more of the other benefits provided their full-time workers. Vacation benefits were provided to part-timers by more employers than any other benefit except for retirement plans that have specific statutory guidelines. Slightly more than 33 percent of the firms specifically gave paid vacation to part-timers and when combined with the 17 percent of firms that give all benefits, that indicates that more than 50 percent of the firms do provide part-timers with some vacation. Twenty-two percent provided some health care benefits, and since about 17 percent of all firms provided all benefits, it indicates that about 40 percent of firms provided some health care benefits to their part-time employees. Benefits are normally provided to part-time employees on a pro-rated basis with the benefits payments based on the number of hours worked. The industry that was most likely to give benefits to part-time employees was hospitals. About 40 percent of the hospitals gave all benefits to part-time workers and most hospitals gave at least one major benefit to part-time employees, such as health insurance, retirement benefits or vacation.

Benefits Provided to Part-time Employees

Benefit	Percent of Firms Giving	
	Part-timers benefit	Full-timers benefit
All Benefits	17.0	100%
Specific Benefits Only		
Health	22.0	99
Retirement	31.6	85
Vacation	33.2	98

TOTAL EMPLOYEE BENEFITS COSTS

Total employee benefits exceeded the trillion dollar mark for the first time in history in 1990. Benefits for all employees are estimated at $1025.2 billion for 1990, an increase of more than 60 billion in from 1989 as shown on Table 17.

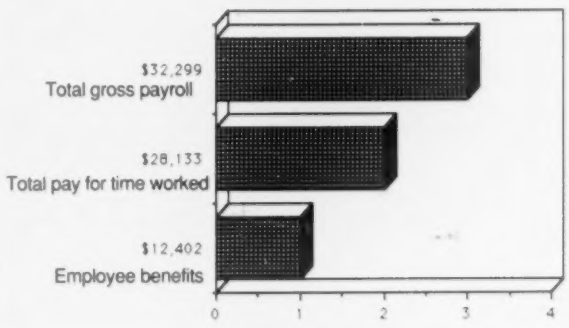
In comparison, in 1975, benefits were 30.0 percent of payroll, or $244.4 billion. This included 8.4 percent of payroll for legally required payments, 3.6 percent for pensions, insurance and other agreed upon payments, 3.7 percent for rest periods, 9.4 percent for vacations, holidays, sick leave and other time not worked, and 1.2 percent for other benefits. The only benefit that does not appear to have increased is paid rest periods. This may be due to the changed nature of the workforce with more service workers and fewer industrial workers resulting in less formal arrangements for rest periods.

Since 1975, benefits have grown from 30 percent of payroll to 37.9 percent of payroll. Nearly half of the increase is due to increases in mandated benefits. The remaining increase resulted from increases in insurance costs (mainly health insurance), and an increase in the amount of vacations and holidays granted by employers. The estimated cost of benefits in 1990 of $1025 billion was nearly triple the $363.7 billion in total wages and salaries paid in 1965 and $210 billion more than total wages and salaried paid in 1975.

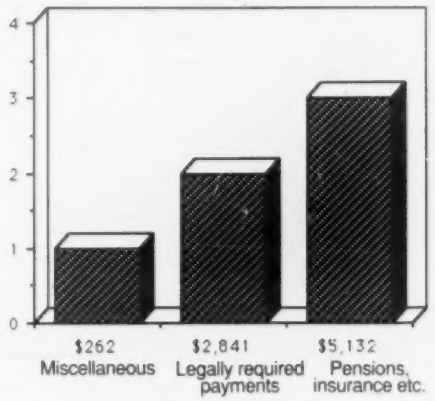
An analysis of the composition of benefits indicates that there are more government mandates on benefits that make benefits more costly to employers while not increasing the benefits available to employees. For example, laws passed during the 1970s that regulate pension systems appear to have imposed more regulations than some employers are willing to cope with and have resulted in a smaller percentage of firms offering traditional pension plans. While most established firms that previously had pension plans have maintained them, newer firms are moving toward savings type plans that are contingent mainly on employee rather than employer contributions. In addition, the employee assumes the risk of providing his own income in retirement.

State mandates on health insurance coverage appear to be pushing up health insurance costs, especially for small employers who must purchase health insurance on the open market. Larger employers are usually exempt from the mandates of state insurance laws since they are mainly self-insured. Higher administrative costs for benefits result in reducing the amount of money available for the actual payment of benefits.

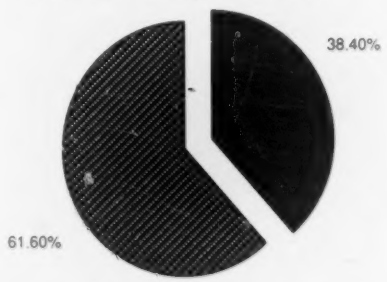
Chart 1. Average Annual Employee Benefits and Earnings, per Full Time Equivalent Employee, 1990



Outside Payroll

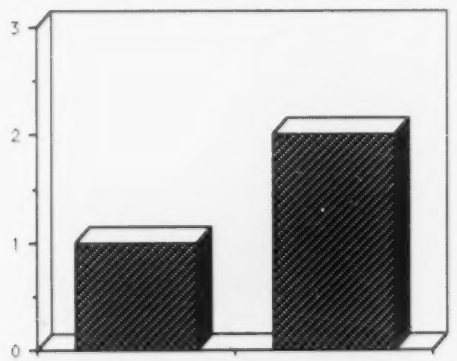


Employee Benefits as a Percentage of Total Gross Payroll, 1990

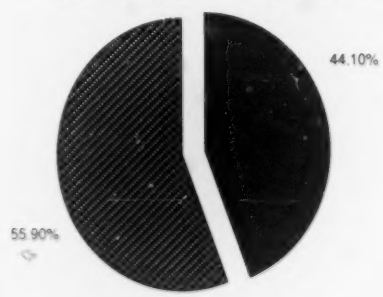


Gross payroll = gross pay that accrues to workers including overtime and premium pay, plus any incentive pay attributable to individual but not company performance and pay for time not worked for.

Inside Payroll

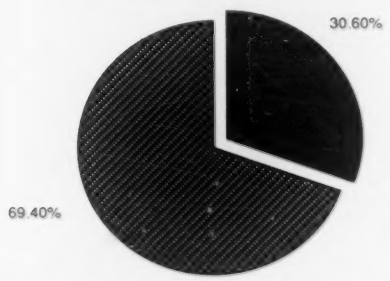


Employee Benefits as a Percentage of Total Pay for time Worked, 1990



Pay for time worked = total payroll - payment for all time paid for but not worked

Employee Benefits as Percentage of Total Compensation, 1990



Total compensation = total amount paid plus cost of legally required and voluntary benefits

Table 16. Wage Data by Industry Group, 1990

Industry Group	Average Hourly Earnings as Percent of Payroll							Average Hourly Earnings as Cents per Hour							
	Total payroll	Straight-time pay*	Over-time premium pay	Holiday premium pay	Shift differential	Earned incentive or production bonus	Other	Total payroll	Straight-time pay*	Over-time premium pay	Holiday premium pay	Shift differential	Earned incentive or production bonus	Other	Total payroll $ per year per full-time employee
Total, all industries	100.0	95.4	2.2	0.2	0.3	0.8	1.0	1,564	1,493	35	3	5	13	16	32,299
Total, all manufacturing	100.0	96.1	1.8	0.2	0.4	0.7	0.9	1,700	1,634	31	4	6	11	15	35,654
Manufacture of:															
Food, beverages and tobacco	100.0	95.5	3.1	0.8	0.2	0.2	0.2	1,465	1,400	45	11	3	2	3	30,249
Textile products and apparel	100.0	93.4	3.4	0.4	0.0	2.8	0.1	1,113	1,040	37	4	0	30	1	21,270
Pulp, paper, lumber and furniture	100.0	93.1	4.3	0.0	2.0	0.5	0.1	1,450	1,349	62	0	28	7	1	29,991
Printing and publishing	100.0	89.7	3.2	0.9	0.3	4.7	1.4	1,531	1,374	48	13	3	72	21	31,070
Chemicals and allied products	100.0	93.8	3.2	0.7	1.1	0.6	0.6	1,735	1,627	55	12	19	9	10	38,131
Petroleum industry	100.0	92.6	0.9	0.2	0.2	0.6	5.4	1,979	1,832	18	3	4	12	107	42,068
Rubber, leather and plastic products	100.0	94.9	3.7	0.3	1.0	0.1	0.1	1,518	1,440	56	4	14	1	0	31,775
Stone, clay and glass products	100.0	95.5	2.4	0.3	0.1	1.6	0.2	1,328	1,268	32	3	0	20	2	28,565
Primary metal industries	100.0	92.8	2.1	0.6	0.4	2.2	1.9	1,586	1,472	34	10	5	34	29	32,616
Fabricated metal products (excluding machinery and transportation equip.)	100.0	96.2	2.4	0.1	0.5	0.6	0.1	1,382	1,330	33	1	7	8	1	29,581
Machinery (excluding electrical)	100.0	92.0	3.5	0.0	0.5	4.0	0.0	1,585	1,457	55	0	8	63	0	33,398
Electrical machinery, equipment & supplies	100.0	98.3	0.8	0.1	0.2	0.5	0.1	1,753	1,723	13	2	2	8	1	36,476
Transportation equipment	100.0	94.7	2.5	0.1	0.4	0.2	2.0	1,831	1,734	46	2	8	3	36	38,974
Instruments and misc. manufacturing industries	100.0	90.6	2.4	0.5	0.4	2.4	3.7	1,734	1,571	41	8	7	42	64	37,170
Total, all nonmanufacturing	100.0	95.1	2.5	0.2	0.2	0.9	1.1	1,491	1,418	37	3	4	14	17	30,539
Public utilities (electric, gas, water, telephone, etc.)	100.0	92.8	5.8	0.4	0.1	0.4	0.4	1,875	1,741	109	6	2	8	7	38,984
Department stores	100.0	97.4	0.0	0.0	0.0	2.6	0.0	959	935	0	0	0	24	0	18,739
Trade (wholesale and other retail)	100.0	96.8	0.9	0.1	0.1	1.2	1.0	847	819	7	0	0	10	8	17,647
Banks, finance companies	100.0	93.5	0.5	0.0	0.1	3.3	2.7	1,517	1,418	7	0	1	49	40	30,508
Insurance companies	100.0	97.3	0.8	0.0	0.1	1.1	0.7	1,530	1,488	12	0	0	17	10	30,407
Hospitals	100.0	92.4	2.4	0.4	2.9	0.6	1.4	1,323	1,222	31	5	37	7	18	27,369
Miscellaneous nonmanufacturing industries	100.0	96.0	1.2	0.1	0.2	0.5	2.0	1,641	1,576	19	2	3	7	32	34,020

*Includes bonus or premium pay only. If employee receives $10.00 per hour for straight time and $15.00 for overtime, for each overtime hour worked, $10.00 would be shown as straight-time pay and $5.00 as overtime pay.
**Includes research, engineering, education, government agencies, construction, etc.

Table 17. Growth of Employee Benefits, 1929 to 1990

Type of Payment	1929	1955	1965	1975	1986	1988	1989	1990
				(Percent of wages and salaries)				
1. Legally required	0.8	3.3	5.3	8.4	11.1	11.6	12.2	12.1
Old-Age, Survivor, Disability and Health Insurance (FICA taxes)	0.0	1.4	2.3	4.6	5.9	6.1	6.5	6.3
Unemployment compensation	0.0	0.7	1.0	0.8	1.2	1.0	0.9	0.8
Worker's compensation	0.6	0.5	0.7	1.0	1.0	1.6	1.7	1.7
Government employees retirement	0.2	0.5	1.0	1.7	2.8	2.7	2.9	3.0
Other	0.0	0.2	0.3	0.3	0.2	0.2	0.2	0.3
2. Agreed-upon	0.4	3.6	4.6	7.4	9.7	10.6	11.0	12.0
Pensions	0.2	2.2	2.3	3.6	2.8	4.1	4.0	4.3
Insurance	0.1	1.1	2.0	3.4	5.6	5.9	6.4	6.3
Other	0.1	0.3	0.3	0.4	1.3	0.6	0.6	1.4
3. Rest periods	1.0	3.0	3.1	3.7	3.3	2.9	3.0	2.7
4. Time not worked	0.7	5.9	7.3	9.4	10.2	10.4	10.2	9.9
Vacations	0.3	3.0	3.8	4.8	5.2	5.5	5.4	5.2
Holidays	0.3	2.0	2.5	3.2	3.1	3.2	3.2	3.1
Sick leave	0.1	0.8	0.8	1.2	1.4	1.3	1.2	1.2
Other	0.0	0.1	0.2	0.2	0.5	0.4	0.4	0.4
5. Bonuses, profit-sharing, etc.	0.1	1.2	1.2	1.1	1.2	1.1	1.1	1.2
Total benefit payments	3.0	17.0	21.5	30.0	35.5	36.7	37.5	37.9
				(Billion dollars)				
Wages and salaries	$50.50	$212.10	$363.70	$814.70	$2,093.00	$2,431.10	$2,573.30	$2,705.03
Total benefit payments	$1.50	$36.10	$78.20	$244.40	$743.00	$892.21	$964.98	$1,025.02

Source: Estimated by U.S. Chamber of Commerce from U.S. Department of Commerce data and U.S. Chamber of Commerce survey.

Table 18. Supplements to Wages and Salaries, 1929 to 1990

Item	1929	1935	1940	1945	1950	1955	1960	1965	1970	1975	1980	1986	1988	1989	1990
Million Dollars*															
Total supplements to wages and salaries	662	650	2,311	5,604	7,818	13,238	23,000	34,538	63,240	124,980	242,543	413,097	474,008	505,752	538,900
Employer contributions for social insurance	101	171	1,624	3,805	4,164	6,216	11,780	16,698	30,733	60,457	115,297	217,000	248,500	263,900	280,800
Federal social insurance funds	29	44	1,469	3,580	3,482	4,957	9,645	13,668	24,889	48,921	92,935	182,100	210,000	227,000	237,300
Old-age, survivor and disability insurance	...	...	329	630	1,308	2,825	5,632	8,330	6, 182	30,490	55,623	98, 100	118,100	127,200	137,700
Hospital insurance	...	...	...	...	...	...	...	...	2,342	5,610	11,623	26,000	29,500	31,800	33,600
State unemployment insurance	...	7	813	1,011	1,217	1,221	2,300	3,076	2,493	5,516	12,073	18,200	18,000	17,000	15,600
Federal unemployment tax	...	...	98	174	232	304	343	558	854	1,294	3,463	5,700	5,200	5,200	5,300
Federal civilian employee retirement	21	32	93	227	316	144	6838	1,146	2,215	4,353	7,436	11,800	13,900	15,100	16,700
Other items	8	5	136	1,538	409	463	532	558	803	1,658	2,707	22,900	25,300	36,600	28,400
State and local social insurance funds	72	127	155	225	682	1,259	2,135	3,030	5,844	11,536	22,362	34,300	38,500	41,200	43,500
State and local employee retirement	72	127	155	225	510	985	1,775	2,525	5,091	10,170	19,1103	30,000	32,200	33,800	35,300
Other items	...	...	...	...	172	274	360	505	753	1,366	3,259	4,300	6,300	7,400	8,200
Other labor income	561	479	687	1,799	3,,654	7,022	11,220	17,840	32,507	64,523	127,246	196,097	225,508	241,852	258,100
Employer contributions:															
Private pensions and welfare funds	169	180	282	1,132	3,5334	6,845	10,969	17,485	31,937	63,595	125,439	192,471	221,212	237,058	252,853
Pension and profit-sharing	...	...	...	...	1,713	3,377	4,866	7,646	13,050	28,253	54,694	52,262	47,928	47,768	45,496
Group health insurance	...	...	...	...	781	1,706	3,374	5,890	12,099	24,043	48,949	107,224	132,071	145,000	158,815
Group life insurance	...	...	...	...	249	561	1,080	1,651	2,891	4,368	6,203	9,403	10,165	10,794	11,101
Worker's compensation	...	...	...	...	791	1,150	1,529	2,177	3,786	6,695	15,208	23,131	30,408	32,969	36,896
Supplemental unemployment	...	...	...	...	...	51	120	121	111	236	345	451	640	527	545
Other items	392	299	405	667	120	177	251	355	570	928	1,807	3,626	4,296	4,794	5,247
Total supplements as percent of wages and salaries															
All industries	1.3	1.8	4.6	4.8	5.3	6.3	8.5	9.5	11.5	15.5	17.9	19.7	19.5	19.6	19.9
Agriculture, forestry and fisheries	0.4	0.5	0.6	0.4	0.6	1.9	4.7	5.6	7.4	10.7	13.4	15.8	15.9	16.3	N/A
Mining	1.6	1.7	5.7	4.0	9.4	10.5	12.2	12.8	15.3	18.5	18.0	19.9	20.8	21.1	N/A
Contract construction	2.3	3.5	6.6	5.3	5.9	6.5	7.0	8.5	9.9	12.5	14.2	21.4	21.1	21.4	N/A
Manufacturing	0.9	1.2	5.2	5.1	6.6	8.3	10.8	12.0	14.4	19.6	22.9	22.1	22.0	22.2	N/A
Transportation	2.0	2.7	6.2	6.0	6.6	7.4	9.6	10.6	12.7	18.7	19.6	22.4	23.2	23.5	N/A
Communication	2.1	4.4	8.8	8.9	10.1	8.9	11.1	18.2	24.0	28.9	29.5	27.0	26.7	26.9	N/A
Electric, gas and sanitary services	1.7	2.2	6.2	9.4	9.2	10.6	12.6	14.4	16.8	22.6	24.1	24.2	24.2	24.5	N/A
Wholesale and retail trade	0.6	0.8	3.9	3.4	3.8	4.3	6.4	7.6	9.4	11.9	18.8	15.2	15.2	15.5	N/A
Finance, insurance and real estate	2.4	2.6	6.0	5.1	6.1	7.5	9.6	11.4	13.3	17.8	18.8	17.5	16.7	17.1	N/A
Services	0.4	0.6	2.4	2.2	2.5	3.3	5.1	6.2	7.9	11.5	13.0	14.1	13.4	13.5	N/A
Government and government enterprises	3.2	3.4	4.1	5.3	4.2	4.1	7.2	7.9	10.0	14.2	17.7	25.9	26.8	27.2	N/A
All private enterprises	1.1	1.4	4.8	4.5	5.5	6.7	8.7	9.9	11.9	15.9	17.9	18.3	17.9	17.9	N/A

*Data prior to 1986 do not reflect national income account revisions. The 1987 "other items" under "Federal social insurance funds" also includes military retirement, which was not included in earlier data.
Source U.S. Department of Commerce
Data: Percentages computed by U.S. Chamber of Commerce

SUPPLEMENTS TO WAGES AND SALARIES

Table 18 is derived from U.S. Department of Commerce data on "other labor income" and "employer contributions for social insurance" published as part of its national income statistics. These data are comprised using Department of Commerce estimates of employer expenditures for benefits, including costs associated with hiring but not paid directly to the employee as a part of wages and salaries such as, Social Security, employer provided health insurance, unemployment insurance pensions and other costs. The data mainly covers legally required payments and expenditures for private pension and insurance plans.

Expenditures for items covered by the Department of Commerce data shows that other labor income increased more than 11 times faster than payroll since 1935. Other labor income as a percentage of payroll increased from 1.8 percent of payroll in 1935, the year the Social Security Act was passed, to 19.9 percent in 1990.

Since 1980, other labor income increased from 17.9 percent of payroll to 19.7 percent of payroll in 1988. The major reason for the change since 1980 is the significant increase in Social Security taxes. Social Security contributions by employers have increased by 136 percent since 1980, significantly faster than the 87.6 percent increase in wages and salaries for the same period. On the other hand, privately agreed to supplements have increased at the identical rate as pay, going up by 87.6 percent between 1980 and 1989. The main reason for the increase in privately agreed to benefits is the increase in health insurance costs. The increases in health insurance costs in the private sector have been offset by declining contributions to pension plans. According to the Department of Commerce, pension plan contributions were nearly 13 percent less in 1989 than they were in 1980 despite the 87.6 percent increase in wage and salary payments by employers. The decline in employer contributions to pension plans may be related to the significant increases in the stock values held in company pension plans, since pension plans are heavily invested in stocks and thus would benefit from a rising market. Since 1980, stock prices, as measured by most broad indexes, such as the Dow Jones Industrial Average have nearly tripled, thereby alleviating the need for many employers to contribute to their pension funds. But some benefits experts point to this as an indicator of renewed preference for pay, rather than benefits, as a result of lower personal income tax rates enacted during the 1980s and the increased use of IRAs and 401K plans allowing employees to plan for their own retirement.

HOW EMPLOYEE BENEFITS WERE SURVEYED

As in earlier studies, it was necessary to go directly to the employers for the basic data on employee benefits. The mailing list included previous participants in the survey, firms in the Survey Research Section's business samples taken from the U.S. Chamber of Commerce membership list. Questionnaires were also sent to firms requesting that they be included in the survey.

There were 1,160 respondents, of which 1000 were usable, out of the 7,700 companies in the sample. This represents a 15.1 percent response rate. The 1000 firms with usable responses employed 3.7 million persons, more than 3.5 percent of all wage and salary workers. This is the largest survey of its nature in terms of the number of persons actually covered. The survey includes both public and private sector employers.

In 1982, for the first time, the sample included firms with fewer than 100 employees, making the sample more representative of the business community. If the results from the benefit surveys of 1982-90 are compared with earlier surveys, one should be aware of several factors that could affect the findings. The sample size has increased. The composition of the sample was affected by the inclusion of firms from the Survey Research Section of the business community, which represents a scientific cross-section of U.S. business by industry, size of firm, and geographical region.

Employees Covered

This study covers all employees for the surveyed firms except officers. We have collected data for both hourly-paid and salaried employees and have published them together for aggregate benefits data, and separately in Tables 4a, 4b and 4c. We will further analyze the data and publish additional findings in the months ahead.

Computation Method

The method of computation used in this study is outlined below. Also shown is a procedure for computing a company's benefit payments on a basis comparable to that used in this report.

In combining company data to form industry averages, the payrolls for individual companies were added together and the percentage of payroll given to benefits was derived by adding the total cost for each benefit by total payroll. This results in the data being weighted by size of payroll for each of the participating firms. However, the tables by size of firm and industry allows each firm to compare its benefit levels with firms of similar size in the same industry. Some results, such as those on Tables 2 and 3 and the data on the Benefits Analyzer (the computer based program derived from this survey), are presented as median averages, in those tables and formats each firm is given equal weight. The median results show a lower average benefit level because smaller firms tend to have lower benefit levels than larger firms. However, because of the nature of the computer program, firms can make more specific comparisons than can be made with the publication alone.

Your Company's Employee Benefits

After the U.S. Chamber's previous benefits studies were published, several companies inquired how their data might be compiled on a comparable basis. This can be done by completing the questionnaire in the back of this publication and performing the following computations.

1. Total benefit payments (Questionnaire items B through H). $ _____

2. "Full-time equivalent" employees (In questionnaire item J, divide the hours for all employees by the hours for a full-time employee) _____

Employee benefit payments as:

Percent of payroll (Item 1 above, divided by questionnaire item A-7) _____

Cents per payroll hour (Item 1 above divided by the total hours, including overtime hours, for all employees in questionnaire item J) _____

Dollars per year per employee (Item 1 above, divided by item 2 above) $ _____

EMPLOYER INITIATIVES TO REDUCE HEALTH CARE COSTS

Once again this year's survey contained several questions relating to health benefits and what steps, if any, firms had taken to control escalating health insurance costs.

One series of questions related to the COBRA law that requires employers to provide former employees access to health insurance provided by the employer, with the former employee paying the entire premium. The major problem that employers reported with the COBRA law related to the administrative burden (paperwork, record keeping and billing) involved in providing former employees with medical benefits. This was the major complaint that 49 percent of the employers participating in our survey reported. They generally did not find claims costs from former employees significantly different from other employees and did not find premium payment notification to employees a significant problem.

COST SHARING — ANOTHER WAY OF REDUCING HEALTH CARE COSTS

Rising health insurance costs have prompted many firms to establish cost containment measures. Forty-seven percent of the firms participating in this year's survey reported that they had either instituted a deductible or raised an already existing deductible on to their health insurance plans. This is a significant increase from 1989, when 35 percent of the firms responding reported that they had either instituted a deductible or raised an already existing deductible. More than 37 percent of the firms responding indicated they had increased the percentage of health insurance premiums paid for by their employees, virtually identical to the previous year when 38 percent reported taking such action. In addition, one-third of the firms reported instituting a managed care system in the last two years. Even with many firms instituting cost containment measures, medical benefits costs to employers have increased significantly. Health premiums are increasing as a percent of payroll, because premiums are rising substantially faster than pay, rather than in tandem with pay. During the past year, the employers share of medical and medically related costs per employee increased from 9.3 to 9.9 percent of payroll or from $2,853 per year to $3,197 per year, a 12.1 percent increase, more than twice the rate of increase in pay, despite measures to control costs. The cost of health and dental insurance to employers increased more than 9 percent in 1989, from $2,338 per employee per year, to $2,569 per employee.

From 1980 to 1990 the employer cost of providing medical and dental insurance increased by more than 199 percent. The main reason for this increase is because the cost of medical care increased by 117 percent in that period, almost twice the 59 percent increase in the Consumer Price Index for all items. Medical costs continue to rise at significantly greater rates than prices in general; and unless employers introduce more cost sharing measures or find other ways of reducing their share, health insurance costs will continue to increase more rapidly than wages. Health insurance premiums are going up 70 percent faster than medical care costs, compounding the problems facing employers.

Another way that employers are limiting their costs is by introducing cafeteria benefit plans. This gives employees a fixed contribution to health care costs and shifts the burden of any increase in the cost of health insurance to the employee rather than employer.

Health Insurance and Dental Insurance Costs

Year	% of Payroll	Dollars per yer	CPI Med. Care	CPI
1980	5.5%	860.0	74.9	82.4
1981	5.8	$1,033.0	82.9	90.9
1982	6.3	1,230.0	92.5	90.9
1983	6.8	1,412.0	100.6	99.6
1984	7.1	1,508.0	106.8	103.9
1985	6.9	1,492.0	113.5	107.6
1986	6.7	1,750.0	122.0	109.6
1987	6.2	1,725.0	130.1	113.6
1988	7.1	2,052.0	138.6	118.3
1989	7.6	2,338.0	149.3	124.0
1990	7.9	2,569.0	162.8	130.7
Change '80-'90	+44%	+199%	+117%	+59%

Table 19. Cost of Medical Benefits and the Percentage of Companies that Provide Specified Benefits, 1990

Industry Group	Cost of Medical Benefits																	
	Hospital, surgical, medical and major medical insurance premiums		Retiree hospital, surgical, medical and major medical insurance premiums		Short-term disability		Long-term disability		Sick leave		Dental insurance		Vision care, physical and mental fitness, benefits for former workers		Parental leave	
Total, all industries	2,371	(99%)	314	(32%)	126	(43%)	71	(63%)	396	(75%)	198	(55%)	117	(44%)	1	(6%)
Total, all manufacturing	3,009	(100)	498	(24)	177	(54)	62	(54)	412	(62)	274	(54)	114	(44)	0	(4)
Food, beverages and tobacco	2,261	(100)	236	(33)	154	(52)	137	(76)	45	(48)	185	(67)	25	(52)	0	(14)
Textile products and apparel	1,548	(95)	5	(15)	50	(30)	8	(45)	32	(40)	74	(35)	11	(25)	0	(0)
Pulp, paper, lumber and furniture	2,695	(100)	218	(14)	28	(55)	17	(41)	143	(27)	71	(59)	36	(36)	0	(5)
Printing and publishing	2,210	(100)	36	(12)	110	(46)	60	(65)	390	(73)	137	(46)	10	(31)	3	(8)
Chemicals and allied products	2,854	(100)	1,042	(28)	12	(28)	38	(50)	194	(78)	227	(56)	27	(44)	1	(6)
Petroleum industry	2,466	(100)	147	(50)	402	(50)	23	(80)	195	(80)	109	(60)	66	(40)	0	(0)
Rubber, leather and plastic products	2,440	(100)	595	(56)	226	(56)	199	(41)	208	(56)	232	(41)	880	(41)	0	(7)
Stone, clay and glass products	2,667	(100)	87	(58)	52	(58)	44	(58)	88	(50)	181	(50)	43	(33)	0	(0)
Primary metal industries	2,857	(100)	448	(56)	74	(56)	36	(31)	147	(44)	129	(31)	100	(56)	1	(6)
Fabricated metal products (excluding machinery and transportation equip.)	2,747	(100)	99	(65)	84	(65)	57	(50)	409	(53)	210	(48)	34	(44)	0	(0)
Machinery (excluding electrical)	2,837	(100)	126	(56)	130	(56)	70	(56)	311	(63)	263	(70)	144	(41)	0	(0)
Electrical machinery, equipment & supplies	3,192	(100)	672	(65)	258	(65)	40	(56)	412	(79)	299	(58)	94	(51)	0	(0)
Transportation equipment	3,517	(100)	331	(50)	77	(50)	87	(83)	786	(83)	369	(67)	111	(56)	0	(0)
Instruments and misc. manufacturing industries	2,470	(100)	228	(52)	73	(52)	66	(52)	470	(77)	254	(64)	81	(52)	1	(9)
Total, all nonmanufacturing	2,037	(98)	217	(37)	99	(37)	76	(67)	387	(82)	159	(56)	118	(44)	1	(7)
Public utilities (electric, gas, water, telephone, etc.)	3,295	(99)	370	(35)	246	(35)	96	(77)	466	(91)	303	(65)	298	(58)	1	(4)
Department stores	644	(100)	20	(67)	22	(67)	1	(33)	241	(100)	62	(67)	24	(33)	0	(0)
Trade (wholesale and other retail)	3,345	(97)	69	(42)	35	(42)	14	(51)	127	(74)	65	(42)	58	(30)	0	(7)
Banks, finance companies	1,494	(100)	95	(30)	74	(30)	30	(72)	302	(82)	997	(51)	47	(33)	5	(14)
Insurance Companies	1,903	(99)	196	(48)	51	(48)	135	(74)	421	(83)	149	(67)	92	(62)	1	(9)
Hospitals	1,898	(100)	59	(28)	48	(28)	58	(72)	399	(84)	128	(71)	40	(38)	5	(3)
Misc. nonmanufacturing industries*	1,932	(97)	292	(38)	66	(38)	93	(62)	499	(78)	134	(45)	63	(39)	1	(7)

*Includes research, engineering, government agencies, construction, etc.

SWITCHING TO FLEXIBLE BENEFITS

By Roger Thompson

Welcome to the new era of flexible benefits, where the combination of employee choice and tax breaks is reshaping the delivery of company benefit plans and helping contain benefit costs.

Given the choice between two identical jobs one that provides employees with some flexibility in choosing benefits and one that does not 90 percent of American workers would select the job with benefit choices, according to a recent Gallup Poll. Nearly half of the respondents said they have special needs that could be met with flexible benefit plans, including child care, dental and eye care, additional health insurance, and retirement savings.

What is flex? "It's not a benefit per se," says Kenneth Feltman, executive director of the Employers Council on Flexible Compensation, a Washington, D.C., lobbying organization that promotes flex on Capitol Hill. "Flex is a delivery system for existing benefits."

Flex comes in three basic forms: Two of them are built on the employees' ability to set aside untaxed dollars to purchase benefits not otherwise provided by the employer, and one is built on choice itself—enhanced by tax breaks.

Premium-conversion account. The first and most simple form of flex is the premium-conversion account which allows employees to pay their share of premiums for health insurance, group term life insurance, or disability insurance with pretax dollars. Since employees know the amount of premiums they will pay over a year, they simply direct their employer to deduct the money in equal amounts from their paychecks.

Many companies can handle the payroll adjustments in-house with current accounting systems, others may need to add special software. Or, a company can opt to contract with one of the numerous payroll accounting or insurance companies that handles this paperwork as part of their service to employers.

Among small and mid-sized employers, premium-conversion accounts are by far the most common flex-benefit offering. Nineteen percent of companies with 50 to 1,000 workers had implemented premium-conversion accounts by the end of 1988, according to the latest survey on the subject, commissioned by Life Insurance Company of Portland, Maine.

Reimbursement Accounts. The second form of flex, known variously as flexible spending accounts, salary-reduction plans, or reimbursement accounts, allows employees to use untaxed dollars to pay for health-care expenses not covered by company insurance or for dependent-care expenses. There is no statutory dollar limit on medical reimbursement accounts, although few employers allow sums greater than $3,000 a year. By law, dependent-care accounts may not exceed $5,000 a year.

Reimbursement accounts may stand alone; but, typically they are set up to work alongside premium-conversion accounts, since the latter offers tax advantages for life and disability insurance. Reimbursement plans do not require a company to redesign its existing benefits plan and, in effect, give employees a benefits checking account.

Here's how reimbursement accounts work: Before the start of the company's benefit plan year, employees must estimate their medical and dependent-care (child-care or elder-care) expenses for the coming year. They may set up either or both types of reimbursement accounts. Then, the amount they designate is deducted from their paychecks in equal installments over the year and never reported to the Internal Revenue Service as taxable income.

When employees incur dependent-care expenses or medical expenses not covered by the insurance plan, they pay for them out of pocket and submit a request for reimbursement.

Medical reimbursement accounts make up "the real key to flex for small employers," says J.R. Chipman, a benefits consultant. "If all you offer is one health plan, each employee can use the medical reimbursement account to cover

deductibles and even uninsured dental and vision care. That gives employees a range of choice formerly available only with large companies."

Medical reimbursement accounts can be used to provide employee benefits that a company otherwise cannot afford. For example, some health insurers now sell small-employer medical plans that give employees the option to purchase dental, vision, or prescription-drug coverage. Because there is no minimum participation requirement, the additional coverage can be offered to as few employees as choose to purchase it. They pay the premiums themselves with the tax-advantaged reimbursement account.

Some employers boost their workers' purchasing power by contributing to their medical reimbursement accounts. This is accomplished with either lump-sum contributions, such as $1,000 per worker, or by establishing a percentage match for every dollar of employee set-aside, for example, 50 cents from the employer for each dollar set aside by the employee.

Medical reimbursement accounts aren't solely for companies that already have health insurance. Companies without health insurance can offer these accounts by permitting employees to pay deductibles but not premiums and other unreimbursed expenses incurred under a spouse's health plan with another employer.

About 25 percent of all large companies offer both reimbursement accounts and premium-conversion accounts, according to a 1990 survey by Hewitt Associates, a consulting firm based in Lincolnshire, Illinois. Among the companies surveyed by Hewitt, an average of 18 percent of all eligible employees signed up for medical reimbursement accounts and 3 percent for dependent-care accounts. Medical reimbursement account contributions averaged $594 per worker, and dependent-care contributions averaged $2,696.

Significantly higher percentages of employees tend to sign up for reimbursement accounts among small companies, says Chipman. He estimates that 35 to 40 percent of all eligible employees pick medical reimbursement accounts, and 5 to 10 percent pick dependent-care accounts.

Although size is an issue with cafeteria plans, it poses no barrier to implementing either a premium-conversion or reimbursement plan. "I would recommend premium-conversion and reimbursement accounts all the way down to one employee, as long as the company is a corporation," says William Bennett, president of Benefit-America. Under current law, flex plans must benefit "employees" solely. Thus, partners and proprietors of a firm may not participate in their company's plan. In addition, S-corporation owners are treated as partners or proprietors and are excluded from participation.

Cafeteria Plans. The third type of flex plan, called full flex or cafeteria plan, gives employees a fixed amount of benefit dollars to spend on a variety of types and levels of benefits. If the cost of the benefits selected exceeds the amount of employer contribution, employees may fund the remainder with tax-free dollars through both their premium-conversion account and reimbursement account. Thus, employees have wide latitude in tailoring benefits to fit their individual needs.

The cafeteria menu typically includes health, life, and disability insurance, 401K retirement savings plan, dental and vision care, and vacation time. Employees have the option of selecting different levels of insurance. For example, health plans may offer deductibles set at $100, $500, and $1,000. The higher the deductible, the less expensive the plan.

Employees also may be able to choose several different multiples of annual salary for group term life insurance, paid with after-tax dollars or different levels of long-term or short-term disability insurance. For disability insurance, employees could use untaxed dollars to pay the difference between the employer contribution and their own selection.

The larger the company, the more likely it will offer a cafeteria plan. While relatively few small

firms have implemented cafeteria plans, 27 percent of all firms with more than 1,000 workers had done so by 1990, according to a survey by Foster Higgins, a New York-based consulting firm.

Nonetheless, cafeteria plans aren't out of reach for small firms. "One of the big myths about cafeteria plans is that you have to have 1,000 employees to implement one," says Gary Kushner, president of Kushner & Company, Inc., a Kalamazoo, Michigan, consulting and administration firm specializing in small-business flex. "With groups of 50 or above, we look at full flex," unless employees' ages, health, or other characteristics militate against it, says Kushner. Insurers still balk at offering coverage to small groups with unusually high numbers of unhealthy employees.

Because cafeteria plans require considerable attention to details of design, communication, and administration, small companies usually hire an outside administrator to handle the job. Pearl C. Lipnerr, of Image Express advises,"Cet yourself the best administrator you can find, and move all the paperwork outside the company." However, buying special flex computer software to manage the job in-house becomes practical for companies with more than 300 employees, says Bennett, of Benefit-America.

Lipner cites two other convincing reasons to hire an outside administrator. First, she says, "if you have someone in-house who tells an employee he can do something under the plan, and if the advice turns out to be wrong, that opens up a liability issue for the employer. I want a professional handling that kind of problem." Second, an outside administrator takes the heat off the employer when somebody has a problem or a complaint concerning the plan, Lipner says. An outside administrator takes the problem out of the workplace.

Regardless of the type of flex plan offered, from the simplest to the most elaborate, employee education is the key to success. "I can design the best flex plan in the world, and if the employees don't understand it, it's going to die," says Kushner. He recommends that details of the plan be presented to small groups of employees and their spouses.

"A lot of employees today may not be able to read all the written materials an employer hands out about the plan," adds Kushner. "When there is good communication during implementation of a plan, [followed by] ongoing communications, employers will be pleasantly surprised by the level of employee understanding and appreciation of the benefits." Every dollar that goes into an employee's reimbursement account lowers both the employee's and the company's tax bills.

Reimbursement accounts are particularly appealing because of the tax breaks they offer. For every $1,000 put into a reimbursement account rather than the employee's paycheck, an employee in the 28 percent federal tax bracket saves $280, while one in the 15 percent bracket saves $150. In every state except New Jersey and Pennsylvania, employees also save on state taxes, which typically are 5 to 7 percent. In addition, both the employer and the employee save an additional 7.65 percent, or $76.50 per $1,000, on Social Security taxes. In many cases, the employer's payroll tax savings offset the added administrative costs of flexible reimbursement accounts.

Reimbursement accounts also create a mechanism for shifting a greater share of rising health-care costs from the employers to the employees; but on a tax-favored basis that cushions the financial impact on the employees.

Although tax incentives drive reimbursement accounts, choice itself is the dominant factor in another type of flexible benefits plan. Cafeteria plans offer employees a full range of choices among different types of benefits and levels of coverage, in addition to reimbursement-account tax savings.

Cafeteria plans once were the exclusive domain of large companies, but they are now

being implemented by smaller companies as well, such as Image Express, a Southfield, Michigan, firm that edits television commercials and has 22 employees.

Says Pearl C. Lipner, a consultant with Image Express, "We have a formula based on seniority and salary that determines how much money goes into each employee's benefit package. They can take those dollars and spend them however they want."

By necessity, small companies once stood on the sidelines and watched as corporate giants pioneered the "flex" concept. The barriers to entry were just too high: Start-up and administrative costs made flex prohibitively expensive, insurance companies showed little interest in developing flex products for the small-business market, and companies too small to have a full-time benefits administrator couldn't find affordable advice about flex.

Now, most of those barriers have begun to fall, and small companies are moving from the sidelines onto the flex playing field, proving they can compete on a benefits level with their much larger counterparts. Image Express, for example, pays an administrative firm $5 per employee per month to handle the paperwork for its cafeteria plan.

Flex plans are not without certain drawbacks, however, and these should be considered carefully in advance of implementation. Regardless of the company's size, flex poses two important risks, one for the employer and the other for the employee.

Under an IRS rule issued in 1989, the full yearly amount of a medical reimbursement account must be available to an employee at any time during the year, regardless of the amount in the account. Thus, large claims early in the year may require some advance funding by the employer.

An employee who quits and has received reimbursements in excess of contributions causes the company to take a loss, unless the company has structured the plan to permit the employer to deduct the remaining contribution from the final paycheck.

While this 1989 rule caused much initial concern among employers, it had no serious adverse financial impact on companies during its first year of implementation, according to a Hewitt Associates survey of large companies.

One effective way for employers to limit exposure under the rule is to cap the size of medical reimbursement accounts. Small employers might set a limit of $1,000. The Hewitt survey found that after the rule was issued, large employers reduced their limits from an average of $3,800 to $2,900.

The risk for employees under flex is the use-it-or-lose-it feature of medical and dependent-care reimbursement accounts. Any money remaining in an employee's account at the end of the year is forfeited to the employer.

Benefits experts say this rule has stunted the growth of reimbursement accounts because employees are afraid of losing unspent funds. Those who do use the accounts tend to keep their contribution levels low. As a result, employee forfeitures also are low, ranging on average about $33 for both medical and dependent-care accounts, according to Hewitt research.

Flex plans require nondiscrimination testing to ensure that highly compensated employees don't receive a disproportionate share of the benefits. Although the tests are not difficult, compliance is essential. Failure to pass the tests may mean that all benefits under the plan are taxable to the plan participants.

Flexible benefits plans aren't a new idea. Congress gave its blessing to the concept when it enacted Section 125 of the Tax Code in 1978. This permitted employees to choose between nontaxable benefits such as health insurance and life insurance up to $50,000 and taxable benefits such as vacation days or cash. Section 125 also

established the legal basis for premium-conversion and reimbursement accounts. Although Section 125 has been refined through regulations, it still governs the entire range of flex plans offered by employers today.

Throughout the 1980s, major corporations perfected the flex concept. The initial push came from the desire to create benefit plans that would meet the needs of an increasingly diverse work force, experts say. The traditional one-size-fits-all benefits plan has become as outdated as the Ozzie and Harriet era. Gone are the days when the typical worker was a middle-aged white male with a spouse at home taking care of two children. Just one in five employees now fits that description.

But concern for work-force diversity is no longer the leading issue for employers pursuing flex plans. Diversity now takes a back seat to rising health-care costs. During the past two years alone, average cost of health-insurance to employers has jumped more than 25 percent, according to the Chamber of Commerce annual survey. Increases of that magnitude have come annually for many small companies.

Cost control is now the number one reason that small employers are looking to flex," says Kushner. "If rising costs have created a health-care crisis for large employers, they have had a catastrophic effect on small employers. Many are looking to flex to help control benefit costs in the future as opposed to cutting benefits now."

One way employers use flex to control costs is to shift some of the increase in health-care expenditures to employees. At the same time that most companies introduce flex, they also raise health-plan deductibles, increase dependent-care costs, and/or require a higher percentage of employee contribution after the deductible is met. However, premium-conversion and reimbursement accounts soften the financial blow by allowing employees to pay their higher share of costs with untaxed dollars.

Cafeteria-style benefit plans also give employers the ability to implement a "defined-contribution" approach to benefits. As health and other benefit costs continue to rise, employers can determine what portion of the added costs to absorb and what portion to pass on to employees, thus gaining a new measure of control over future costs.

Cost shifting with flex is a delicate issue and one that employers handle in various ways. "The amount of cost shifting that takes place is completely dependent upon the employer's objectives behind the flex design," says Karen Graves, of the Wyatt Company, a benefits consulting firm in Boston. "Some employers have no intention of having any shift to employees. They just want to make sure the employees get the range of choices that they need. And some say they want to shift, say, 10 percent of any future cost increases to employees." Adds Graves, "There has been some bad feelings when employers have tried to gloss over the issue of cost shifting. We urge employers to be up-front about the realities of benefit costs."

Even when flex means a larger financial burden for employees, most still prefer the new plan to the old one because they value the ability to choose that accompanies the introduction of flex, says Feltman, of the Employers Council on Flexible Compensation. "We found that 93 percent of all women who had been in flex for at least one year didn't want to go back to traditional benefits. Among men, almost 80 percent didn't want to go back."

In Kushner's experience, most companies are more interested in long-term cost containment than quick-fix cost shifting. "It's rare to have clients go into flex primarily looking to shift costs to employees," he says. "By far, most want to control utilization of the health plan to prevent use where it is inappropriate."

Flex helps to eliminate unnecessary medical services as well as shifting costs in three ways, says Kushner.

First, flex tends to eliminate expensive duplication of coverage, where both an employee and spouse have health insurance. Health insurers have mechanisms to prevent duplicate reimbursements when claims are filed with two companies for the same expense; when spouses are covered by each others' insurers, however, the second insurer generally must pay the portion of the expense not reimbursed by the first company. Most employers find that health claims for a spouse or children are 2 to 2.5 times higher than average claims made by employees. When given the option under flex to spend benefit dollars in another area, many employees drop their duplicate health coverage. As a result, claims for dependent coverage also decline.

Second, "by educating employees about health costs, you reduce utilization of health care," says Kushner. "The employer is helping move the employee from being a passive recipient of health benefits to a knowledgeable consumer."

Third, flex also helps small companies save money by forcing them for the first time to get involved in health-plan design and financing, says Kushner. "Small employers are used to buying medical plans off the shelf. But flex allows them to tailor-make their plans."

These factors can add up to real savings on health expenditures, says Kushner, citing his own research. Over a nine-year period, some 200 of Kushner's small-business clients with cafeteria plans have experienced average annual health-care cost increases of 8.5 percent. Without flex, those same companies would have received average annual increases of 15.5 percent, based on price quotes from insurers, says Kushner. Among his clients, the average per-employee cost for health insurance under flex last year was $2,706, compared with a projected cost of $4,463 without flex. That amounts to a 39 percent cost advantage for flex over the nine-year period.

Results like that are hard to ignore. And as long-standing barriers continue to fall, experts predict that thousands more small companies will make the move to flex in the years ahead. Says Feltman, "By the middle of the decade, probably over half of all employers will have flex. By the end of the decade, I would think it would be almost a rarity for an employer not to have flex."

What this survey reveals about cafeteria and flex plans:

Firms that had flex plans did spend less on benefits. This was true for both manufacturing and nonmanufacturing firms. The greatest difference appears to be in savings associated with health care. The difference in benefits between firms that had flex plans and those that did not was as much as $2,000 per year per employee. However, these numbers may be misleading since the comparison is not done for the same firms at two different points in time. The survey merely reveals the difference in benefits between firms, which has always been very large. Generally, large industrial firms that have the highest benefit costs do not offer cafeteria benefit plans, however they do offer flexible spending accounts in addition to their fixed benefit plans. Essentially, our survey indicates that the types of firms that generally had lower levels of benefits were more likely to adopt cafeteria plans. This is helpful to employees giving them the opportunity to pay for benefits that are not provided to them with tax free dollars. If one views flexible plans from the standpoint of giving employees the opportunity of purchasing child care, health care, retirement benefits, or any other benefit the employer was not going to provide with tax free dollars it is a good approach and saves the employees taxes and; therefore, reduces financial pressure on employees.

For example, a working couple with $50,000 in income that spends $5,000 per year on child care would have to earn about $7,500 to pay that bill without a flexible spending account, therefore any employer that has these choices is certainly providing a valuable service to their employees. By the same token flexible plans do not provide benefits where none existed. Partial coverage medical plans do not become full coverage because of flexible spending plans. Full coverage health insurance will still cost the same amount

but it is essentially a question of who pays for it. Employers that view flexible benefits as a means of getting something for nothing are fooling themselves. If they view flexible benefits as a way of tailoring benefits to the employees needs they will find grateful and happier employees, but will not necessarily save money.

Employees Save Taxes With Flexible Spending Accounts

Without Flex	With Health Flex		With Dependent-Care Flex	Without Flex
$24,000	$24,000	Annual salary	$24,000	$24,000
0	1,000	Before-tax contribution	3,000	0
24,000	23,000	Taxable income	21,000	24,000
3,600	3,450	Federal income tax @ 15%	3,150	3,600
1,836	1,760	FICA tax @ 7.65%	1,606	1,836
1,200	1,150	State income tax @ 5%	1,050	1,200
1,000	0	Expenses after taxes	0	3,000
16,364	16,640	Net take-home pay	15,194	14,364

Employers Also Lower Their Taxes With Flexible Spending Accounts

Expenses	With FSAs	Without FSAs
Annual payroll for 20 workers	$480,000	$480,000
Minus FSA health and dependent-care contributions	9,000	0
Taxable payroll	471,000	480,000
FICA tax (7.65%)	36,031	36,720
Net employer FICA savings	689	

Note: Average annual salary of $24,000. Five employees put $600 each into health-care FSA; two put $3,000 each into dependent-care FSA.

Please return the completed questionnaire to:

ECONOMIC POLICY DIVISION/EMPLOYEE BENEFITS SURVEY
U.S. CHAMBER OF COMMERCE/WASHINGTON, D.C. 20062

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EMPLOYEE BENEFITS SURVEY—1990

For Office Coding—Leave Blank

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INSTRUCTIONS

1. **It is confidential**—Data from individual firms will not be disclosed. Data will be published only in the form of totals for groups of companies. Only the researchers will see your questionnaire(s).

2. **Company coverage**—If you have several divisions that operate in different industries and separate data is available for each division you may prefer to fill out separate forms for each division. You may either copy this form or call Martin Lefkowitz at (202) 463-5620 for either additional forms or more information.

3. **Employees covered in survey**—We are surveying ***both*** hourly-paid and salaried employees, if this break-out is available. If the break-out is available, please fill out separate surveys for hourly-paid and salaried employees. The hourly-paid employee survey begins on the next page and the salaried employee survey begins on page 5. If a separate breakout is not available for hourly and salaried employees please use the survey on the following page for reporting the combined totals for all employees on pages 2 through 4.

HOURLY-PAID EMPLOYEE SURVEY AND/OR COMBINED TOTAL OF SALARIED AND HOURLY PAID EMPLOYEES IF NOT AVAILABLE SEPARATELY

When filling out the questionnaire surveying hourly-paid workers, ***include data for workers whose pay varies with the number of hours worked.*** In addition, include data for ***salaried*** employees if their pay varies if they work overtime or less than full-time; but do not include them if they receive their regular pay regardless of hours worked.

Organizations having difficulty making this employee separation between hourly-paid and salaried workers should include all nonsupervisory employees and all working supervisors in this hourly-paid employee survey, ***regardless of method of payment.*** However, please ***exclude*** all officers of company.

4. **Approximate or incomplete data**—If you are unable to give exact data for the various items, please give estimates—***your best estimate is much better than a zero***. Guidelines for making estimates are included in the survey forms. If you cannot break down the data on payments exactly as they are outlined, please give the data that is available. Also, please indicate the items or benefits for which payments were made, but for which you cannot give separate figures.

Show actual data or best estimate for employees covered in survey.

A. GROSS PAYROLL FOR EMPLOYEES IN SURVEY:

- For this item, report ***actual*** wages. Report pay prior to employee deductions for all income and payroll taxes, pay deferral programs, such as 401K plans, and other insurance and deductions. Report on line A-1 the straight-time wages for all hours, including pay for time ***not*** worked, plus payments in lieu of vacations and holidays.
- Report premium and bonus payments on lines other than line A-1. Thus, if your firm paid $15,000 in overtime pay and the overtime rate is time and one-half, put $10,000 on line A-1, and $5,000 in premium pay on line A-2.

	Total amount for 1990	
1. Straight-time for employees in survey (include payment for time not worked, holidays, vac., etc.)	$_____	34
2. Overtime premium pay (premium only, put straight time on line 1)	$_____	46
3. Holiday premium pay (premium only, put straight time on line 1)	$_____	58
4. Shift differential (premium only, put straight time on line 1)	$_____	70
5. Earned incentive or production bonus (including commissions)	$_____	82
6. Other (Specify: _____)	$_____	94
7. TOTAL GROSS PAYROLL	$_____	106

B. LEGALLY-REQUIRED PAYMENTS (***employer's*** share only):

1. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	$_____	118
2. Unemployment Compensation (federal and state taxes)	$_____	130
3. Workers' Compensation (estimate cost if self-insured)	$_____	142
4. State sickness benefits insurance	$_____	154
5. Other (Specify: _____)	$_____	166
6. TOTAL	$_____	178

C. RETIREMENT AND SAVINGS PLAN PAYMENTS (***employer's*** share only):

- ITEM C-4 (PENSION AND INSURANCE PREMIUMS)—For pension and insurance premiums, report ***net*** payments after deducting any dividends or credits returned to employer by insurer.

1. Defined benefit pension plan contributions (a defined benefit plan is one that is insured by the Pension Benefit Guaranty Corporation involving a promise to pay a fixed level of benefits on retirement)	$_____	190
2. Defined contribution plan payments (a defined contribution plan is one that provides for an individual account for each participant and for benefits based on the amount contributed to the participant's account)		
a. 401K or similar payments (employers share only)	$_____	202
b. Profit-sharing payments (employer contributions are based on current profits of the business, fluctuating with current profit levels)	$_____	214
c. Stock bonus and employee stock ownership plans (ESOP)	$_____	226
3. Money purchase plans	$_____	238
4. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	$_____	250
5. Costs of plan administration (please estimate the administrative costs paid separately or as part of contributions to the plan)	$_____	262
6. Other (Specify: _____)	$_____	274
7. TOTAL	$_____	286
8. Please report the number of employees participating in your company's retirement and savings plan programs	_____	298

D. LIFE INSURANCE AND DEATH BENEFITS (***employer's*** share only):

- Exclude premiums for life insurance purchased under a pension plan. Such premiums should be reported under item C-4.

1. Life insurance premiums (net)	$_____	304
2. Death benefits not covered by insurance	$_____	316
3. TOTAL	$_____	328

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E. MEDICAL AND MEDICALLY-RELATED BENEFIT PAYMENTS (***employer's*** share only):

1.	Hospital, surgical, medical, and major medical insurance premiums (net)	$_____	340
2.	Self-insured hospital, surgical, medical, and major medical payments	$_____	352
3.	Short-term disability, sickness or accident insurance (company plan or insured plan)	$_____	364
4.	Long-term disability or wage continuation (insured, self-administered, or trust)	$_____	376
5.	***Retiree*** (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	$_____	388
6.	Self-insured ***retiree*** (payments for retired employees) hospital, surgical, medical, and major medical payments	$_____	400
7.	Dental insurance premiums	$_____	412
8.	Vision care and prescription drugs	$_____	424
9.	Physical and mental fitness programs	$_____	436
10.	Medically-related benefits for ***former*** workers and family members, such as the continuation of health benefit payments after termination of employment (do not include payments to retirees and/or for maternity leave)	$_____	448
11.	Other (Specify: _____)	$_____	460
12.	TOTAL	$_____	472

F. PAID REST PERIODS, COFFEE BREAKS, LUNCH PERIODS, WASH-UP TIME, TRAVEL TIME, CLOTHES-CHANGE TIME, GET-READY TIME, ETC.

- This should be reported if time is paid for, whether or not there is a formal work rule providing for such time off. A simple rule of thumb is that if employees typically take two 10-minute rest periods per day, this would amount to approximately 4% of gross payroll; if two 15-minute breaks are taken, the figure would come to 6% of gross payroll (Item A-7). $_____ 484

G. PAYMENTS FOR TIME NOT WORKED:

1.	Payments for or in lieu of vacations (for estimating purposes, each day of paid vacation = .00385 x straight-time pay) If unable to estimate a dollar figure, please indicate the average number of days of vacation an employee receives a year. _____	$_____	496
2.	Payments for or in lieu of holidays (for estimating purposes, each paid holiday = .00385 x straight-time pay) If unable to estimate a dollar figure, please indicate the average number of paid holidays an employee receives a year. _____	$_____	508
3.	Sick leave pay	$_____	520
4.	Parental leave (maternity and paternity leave payments)	$_____	532
5.	Payments required under guaranteed workweek or work year—only that part that represents payment for time not worked	$_____	544
6.	Payments for State or National guard duty; jury, witness, and voting pay allowances; payments for time lost due to death in family; or other personal reasons	$_____	556
7.	Other (Specify: _____)	$_____	568
8.	TOTAL	$_____	580

H. MISCELLANEOUS BENEFIT PAYMENTS (***employer's*** share only):

1.	Discounts on goods and services purchased from company by employees	$_____	592
2.	Employee meals furnished by company	$_____	604
3.	Child care: a. On-site child care	$_____	616
	b. Third-party provided care	$_____	628
4.	Parking	$_____	640
5.	Employee education expenditures (tuition refunds, seminar attendance, etc.)	$_____	652
6.	Payments for legal counselling	$_____	664
7.	Payments to union stewards or officials for time spent in settling grievances or in negotiating agreements	$_____	676
8.	Christmas or other special bonuses (not tied to profits), service awards, suggestion awards, etc.	$_____	700
9.	Other (Specify: _____)	$_____	712
10.	TOTAL	$_____	724

I. EMPLOYEE PAYROLL DEDUCTIONS (*employee's* share only):

- For this question, report deductions from ***employee*** pay. Employer contributions are reported in questions B-E.

1. Old-Age, Survivors, Disability, and Health Insurance (employee FICA taxes) and Railroad Retirement Taxes ..... $_____ 736
2. Retirement and Savings Plan payments (including 401K and similar programs) ..... $_____ 748
3. Life insurance premiums ..... $_____ 760
4. Medical and Medically-Related Benefits Payments ..... $_____ 772
5. Other (Specify: _____). Do not include deductions for income tax ..... $_____ 784
6. TOTAL ..... $_____ 796

J. EMPLOYEE HOURS

- **These figures include hours worked or paid for (including time actually worked, *plus* holidays, vacation, sick leave, and other time paid for but not worked).**

1. Total hours of a **typical full-time employee** during 1990: _____ (average number of hours per week per employee) × 52 = _____ (total hours during 1990 per employee) 808

2. Total hours of **all** employees in survey during 1990:
   - The total number of hours worked or paid for of all employees covered in the survey, corresponds to earnings given on line A-1.

_____ (total hrs. during 1990 per employee) × _____ (full-time equivalent employees included in your survey data for 1990) = _____ (total hours of all employees in 1990) 812

PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE (SIC Code) = _____

- If you do not know your SIC Code, please give a description of the major type of business and/or the principal lines or products manufactured or handled.

SUPPLEMENTAL QUESTIONS

For Office Coding—Leave Blank B1

Please answer the following questions:

1. Does your firm have a fixed benefit plan or a cafeteria plan (a cafeteria plan is one that allows employees to choose between benefits and/or benefit plans)? (Check appropriate box)
   - Fixed Benefit Plan ..... F ☐
   - Cafeteria Plan ..... C ☐
   - Mixed benefit package (part of benefits package is fixed and part is cafeteria) ..... M ☐ 6

2. What is the estimated percentage of part-time workers as the percentage of your total work-force (part-time workers are those who work less hours than the normal work week)? ..... _____ 7

3. If you provide benefits to part-time employees, which benefits do you provide?
   - All (If you checked this line "yes" please skip to question 4) ..... Yes ☐ No ☐ 12
   - Health ..... Yes ☐ No ☐ 13
   - Retirement ..... Yes ☐ No ☐ 14
   - Vacations ..... Yes ☐ No ☐ 15
   - Bonuses ..... Yes ☐ No ☐ 16
   - Others (please specify: _____)

4. Please estimate the total annual cost for administering your benefit costs that are not included in the above cost data on employee benefits.
   a. Estimated annual internal costs of administering benefits programs not included in the above data on benefit costs ..... $_____ 17
   b. Estimated annual cost of outside consultants, attorneys and other persons consulted regarding the administration of benefits programs ..... $_____ 29

5. What administrative costs associated with COBRA (the law that requires your firm to make available health insurance to former employees) during 1990? $_____ 41

6. What is the biggest problem you face in providing health benefits to former employees? Check only one of the following)
   a) general administrative burden (paperwork, recordkeeping, and billing) ..... a ☐
   b) burdensome claims costs ..... b ☐
   c) premium payments and notification from COBRA beneficiaries ..... c ☐
   d) keeping track of changes in the law ..... d ☐ 53

Please list the name, title and phone number of the person who is responsible for filling out this questionnaire in case our researchers have any questions.

_____ ( ) _____

Name Title Phone Number

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EMPLOYEE BENEFITS SURVEY — 1990

SALARIED EMPLOYEE SURVEY (IF NOT INCLUDED IN SECTION 1)

If you are **not** filling in this section, please turn to page 8.

INSTRUCTIONS

1. **It is confidential**—Data from individual firms will not be disclosed. Data will be published only in the form of totals for groups of companies. Only the researchers will see your questionnaire(s).

2. **Company coverage**—If you have several divisions or plants, data covering any ***typical*** group of employees will be satisfactory.

3. The salaried employee benefits survey is limited to employees whose pay does ***not*** vary with the number of hours worked.

   If you had difficulty making the employee separation for the hourly-paid survey, and included non-supervisory and working supervisors ***regardless of method of payment*** in that survey, please do ***not*** fill out the salaried employee survey. Please turn to the last page of this survey and fill in information on industry and size of firm.

4. **Approximate or incomplete data**—If you are unable to give exact data for the various items, please give estimates—***your best estimate is much better than a zero***. If you cannot break down the data on payments exactly as they are outlined, please give the data that is available. Also, please indicate the items or benefits for which payments were made, but for which you cannot give separate figures.

Show actual data or best estimate for employees covered in survey.

A. GROSS PAYROLL FOR EMPLOYEES IN SURVEY:

- For this item, report ***actual*** salaries (***not*** take-home pay after deductions have been made). Report on line A-1 the salaries for all hours, including pay for time ***not*** worked, plus payments in lieu of vacations and holidays.

	Total amount for 1990	
1. Total salaries for employees in survey	$	61

B. LEGALLY-REQUIRED PAYMENTS (***employer's*** share only):

1. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	$	73
2. Unemployment Compensation (federal and state taxes)	$	85
3. Workers' Compensation (estimate cost if self-insured)	$	97
4. State sickness benefits insurance	$	109
5. Other (Specify: _____)	$	121
6. TOTAL	$	133

C. RETIREMENT AND SAVINGS PLAN PAYMENTS (***employer's*** share only):

- ITEM C-4 (PENSION AND INSURANCE PREMIUMS)—For pension and insurance premiums, report ***net*** payments after deducting any dividends or credits returned to employer by insurer.

1. Defined benefit pension plan contributions (a defined benefit plan is one that is insured by the Pension Benefit Guaranty Corporation involving a promise to pay a fixed level of benefits on retirement)	$	145
2. Defined contribution plan payments (a defined contribution plan is one that provides for an individual account for each participant and for benefits based on the amount contributed to the participant's account)		
a. 401K or similar payments (employers share only)	$	157
b. Profit-sharing payments (employer contributions are based on current profits of the business, fluctuating with current profit levels)	$	169
c. Stock bonus and employee stock ownership plans (ESOP)	$	181
3. Money purchase plans	$	193
4. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	$	205
5. Costs of plan administration (please estimate the administrative costs paid separately or as part of contributions to the plan)	$	217
6. Other (Specify: _____)	$	229
7. TOTAL	$	241
8. Please report the number of employees participating in your company's retirement and savings plan programs		253

D. LIFE INSURANCE AND DEATH BENEFITS (***employer's*** share only):

- Exclude premiums for life insurance purchased under a pension plan. Such premiums should be reported under item C-4.

1. Life insurance premiums (net)	$	259
2. Death benefits not covered by insurance	$	271
3. TOTAL	$	283

E. MEDICAL AND MEDICALLY-RELATED BENEFIT PAYMENTS (***employer's*** share only):

1. Hospital, surgical, medical, and major medical insurance premiums (net)	$	295
2. Self-insured hospital, surgical, medical, and major medical payments	$	307
3. Short-term disability, sickness or accident insurance (company plan or insured plan)	$	319
4. Long-term disability or salary continuation (insured, self-administered, or trust)	$	331
5. ***Retiree*** (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	$	343
6. Self-insured ***retiree*** (payments for retired employees) hospital, surgical, medical, and major medical payments	$	355
7. Dental insurance premiums	$	367
8. Vision care and prescription drugs	$	379
9. Physical and mental fitness programs	$	391

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10. Medically-related benefits for ***former*** workers and family members, such as the continuation of health benefit payments after termination of employment (do not include payments to retirees and/or for maternity leave) ..... $_____ 403
11. Other (Specify: _____) $_____ 415
12. TOTAL ..... $_____ 427

F. PAYMENTS FOR TIME NOT WORKED:

1. Payments for or in lieu of vacations (for estimating purposes, each day of paid vacation = .00385 x straight-time pay) ..... $_____ 439
   If unable to estimate a dollar figure, please indicate the average number of days of vacation an employee receives a year. _____ .
2. Payments for or in lieu of holidays (for estimating purposes, each paid holiday = .00385 x straight-time pay) ..... $_____ 451
   If unable to estimate a dollar figure, please indicate the average number of paid holidays an employee receives a year. _____ .
3. Sick leave pay ..... $_____ 463
4. Parental leave (maternity and paternity leave payments) ..... $_____ 475
5. Payments for State or National guard duty; jury, witness, and voting pay allowances; payments for time lost due to death in family; or other personal reasons ..... $_____ 487
6. Other (Specify: _____) ..... $_____ 499
7. TOTAL ..... $_____ 511

G. MISCELLANEOUS BENEFIT PAYMENTS (***employer's*** share only):

1. Discounts on goods and services purchased from company by employees ..... $_____ 523
2. Employee meals furnished by company ..... $_____ 535
3. Child care: a. On-site child care ..... $_____ 547
   b. Third-party provided care ..... $_____ 559
4. Parking ..... $_____ 571
5. Employee education expenditures (tuition refunds, seminar attendance, etc.) ..... $_____ 583
6. Payments for legal counselling ..... $_____ 595
7. Christmas or other special bonuses (not tied to profits), service awards, suggestion awards, etc. ..... $_____ 607
8. Other (Specify: _____) ..... $_____ 619
9. TOTAL ..... $_____ 631

H. EMPLOYEE PAYROLL DEDUCTIONS (***employee's*** share only):

- For this question, report deductions from ***employee*** pay. Employer contributions are reported in questions B-E.

1. Old-Age, Survivors, Disability, and Health Insurance (employee FICA taxes) and Railroad Retirement Taxes ..... $_____ 643
2. Retirement and Savings Plan payments ..... $_____ 655
3. Life insurance premiums ..... $_____ 667
4. Medical and Medically-Related Benefits Payments ..... $_____ 679
5. Other (Specify: _____). Do not include deductions for income tax ..... $_____ 691
6. TOTAL ..... $_____ 703

I. EMPLOYEE HOURS

- These figures include hours worked or paid for (including time actually worked, ***plus*** holidays, vacation, sick leave, and other time paid for but not worked).

1. Total hours of a **typical full-time employee** during 1990:

   _____ (average number of hours per week per employee) × 52 = _____ (total hours during 1990 per employee) 715

2. Total hours of **all** employees in survey during 1990:

   _____ (total hrs. during 1990 per employee) × _____ (full-time equivalent employees included in your survey data for 1990) = _____ (total hours of all employees in 1990) 719

SUPPLEMENTAL QUESTIONS

Please answer the following questions:

1. Have you made any of the following changes in your health plan for active employees as a result of your COBRA obligations:
   a) Yes, reduced number of plan options ..... a ☐
   b) Yes, reduced benefits ..... b ☐
   c) Yes, increased employee share of health insurance ..... c ☐
   d) Made no changes ..... d ☐ **731**

2. The following questions pertain to cost-containment measures your company may have taken regarding medical care coverage.
   a. Has your firm either increased the deductible or instituted a deductible in your medical plan in the last two years? ..... Yes ☐ No ☐ **768**
   b. Has your firm increased the percentage of the health insurance premium that employees pay in the last two years? ..... Yes ☐ No ☐ **769**
   c. Has your firm instituted a managed care plan (HMO, PPO or managed fee-for-service plan) in the last two years? ..... Yes ☐ No ☐ **770**
   d. Reduced the number of plan options ..... Yes ☐ No ☐ **771**

Please list the name, title and phone number of the person who is responsible for filling out this questionnaire in case our researchers have any questions.

Name _____ Title _____ Phone Number ( )

Whether you completed Section 1 only or Sections 1 and 2, please fill in the type of industry and size of company below.

Industry Code

Please circle the code number which corresponds to the type of business your company conducts. Please place your firm in the industry that provides the greatest portion of your firms revenues:

Code	Category
Manufacturing firms	
101	Food, beverages, and tobacco
102	Textile products and apparel
103	Pulp, paper, lumber and furniture
104	Printing and publishing
105	Chemicals, drugs and allied products
106	Petroleum industry
107	Rubber, leather, and plastic products
108	Stone, clay and glass products
109	Primary metal industries
110	Fabricated metal products (excluding machinery and transportation equipment)
111	Machinery (excluding electrical) and office and computing equipment
113	Electrical machinery, equipment, household appliances, communications equipment and supplies
114	Transportation equipment
115	Instruments and miscellaneous manufacturing industries
Non manufacturing firms	
201	Public utilities (electric, gas, water, telephone, etc.)
202	Department stores
203	Trade (wholesale and other retail)
204	Banks, finance companies, and trust companies
205	Insurance companies
206	Miscellaneous nonmanufacturing industries
207	Hospitals
	Type of business _____.

Size Code

Please circle the code number which corresponds to the number of people employed by your company.

Code	Number of Employees
0	1-9
1	10-49
2	50-99
3	100-499
4	500-999
5	1000-2499
6	2500-4999
7	5000 plus

Actual number of employees _____.

Please return the completed questionnaire to:
ECONOMIC POLICY DIVISION/EMPLOYEE BENEFITS SURVEY
U.S. CHAMBER OF COMMERCE/WASHINGTON, D.C. 20062

U.S. Chamber of Commerce
1615 H Street, N.W.
Washington, DC 20062

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